

the crosion

index more than 100 points after the report was

released in mid-afternoon. The index closed down

Financial markets expect a cut of one-half to

While the next cut in the discount rate, which

would be the seventh in two years, is expected to

have at least a psychological impact, the size of the

fiscal spending package being formulated appears insufficient to reverse the economy's downward

track to exceed a record \$150 billion this year.

On Friday, the prime minister ordered econom-

ic cabinet members to compile an extra 1.0 trillion

yen (\$9.4 billion) in spending to improve the

momentum or to placate Washington.

three-quarters of a point, although some political and husiness leaders have called for a one-point

7.60 points at 20.817.98.

nation's infrastructure.

of companies expecting business to improve . The United States has been calling on Japan to against those expecting it to worsen — slumped to rev up its domestic economy to bolster imports minus 51, the lowest level since the minus 67 and narrow the gaping trade imbalance that is on

Mr. Rabin about to sign the documents brought by Foreign Minister Johan Jorgen Holst of Norway. At right is Mr. Peres. On Page 4

President Cinton said the U.S. would resume its contacts with the PLO.

The Norwegian go-between is known as being a stickler for detail. Many questions on practical aspects of ment a "dramatic change" antonomous areas are unanswered.

More than 1,000 dignituries are expected to attend the White House ceremony. ment a "dramatic change.

# UN Defends Firing on Somali Crowd

By Keith B. Richburg

barrages, as American officials tried to con-tam the fallout from a U.S. helicopter strike

staunchly defended the actions of the U.S. ered combatants." pilots in the helicopter attack on Thursday

and tried to shift the hlame onto the fugitive Wastington Post Service MOGADISHU, Somalia — Somali guer-rillas on Friday pounded United Nations troop positions with mortar and grenade combat.

tain the fallout from a U.S. helicopter strike on a crowd of Somali women and chikiren who were threatening UN troops. Major David Stockwell of the U.S. Army, the chief UN military spokesman in Somalia, said, There are no sidelines or spectator Senior American and UN officials here seats - the people on the ground are consid-

Meanwhile on Friday, fierce factional

fighting crupted between rival Somali sub-clans who battled with grenades and assault rifles for several hours. The fighting prompted U.S. helicopter gunships to abandon their neutral position and intervene long enough to allow Malaysian ground troops to extract a group of foreign journalists from a hotel

that became a focal point of the clashes.

Four Somali employees of CNN television were killed in the fighting and five other

See SOMALI, Page 6

### Klosk

pects for economic growth in Japan, and in Europe as well, looked even worse than just two months ago and that it might brave to the solution in the solution

May.

# Sukova Reaches Final in U.S. Tennis

confidence had sunk to its lowest level in 18 years,

retract its official forecast that the economy

would begin to make a gradual recovery over the

"There is a downside risk" for the Jananese

economy, said Kagehide Kaku, director of the

bank's research and statistics department. There

were no data to support expectations of a recovery over the next six months, he added.

downward its most recent economic ontlook, pub-

The Bank of Japan's quarterly survey of busi-

ness sentiment, or *tankan*, added to a string of gloomy government forecasts that lay the ground-

work for additional steps to stimulate the econo-

The gloomy survey forced the bank to virtually

with few hopeful signs in sight.

next six months.

lished in July. (Page 9)

NEW YORK (AP) - Helena Sukova, re- Open tennis championships. Sukova, from vived by the delay caused by a brief but heavy the Czech Republic, will meet the winner of rain shower, defeated second-seeded Arantxa Sanchez Vicario, 6-7 (7-9), 7-5, 6-2, on Friday to move into the women's final at the U.S. *Earlier article, Page 19* 

#### **Business / Finance**

Canary Wharf. the London landmark, will be rescued by its bank lenders. Fortis buys into Belgian banking. Page 11.

#### Money Report

Shares of food makers slump.Pages 15-17.

. . . . .

Books

Crassward

Trib Index Dow Jones Down Up 0.09% Page 9.

#### 32.14 108.29 3.621.63 The Dollar

Big Japanese steelmakers expect losses but Sharp finds ways to deflect the blow. Page 13.

that given the deflationary pressures in the econo-my, the response is unlikely to do more than stem

"We will have damage control, not a rekindling of a new growth cycle," said Jesper Koil, econo-mist at S. G. Warburg. The slowdown of the Japanese economy was

recorded in 1975, and down from minus 49 in

The survey, which was taken in mid-August,

also showed companies lowering their profit and

capital spending forecasts as inventories contin-

#### 1.597 1.599 1.5495 Pound 1.5518 Page 7. Yen 106.035 105.25 Page 4. FF 5.6375 5.597

# Haiti's Hopes: A Catholic Priest and Village Voodoo

#### By Howard W. French New York Times Service

SOUKRE, Haiti - In a country where people have rarely seen the government as their friend and international promises have a history of being broken. Haitians long ago learned to depend on their own devices for both hope and Sirvival

For the people of this village on the edge of the provincial capital, Gonaïves, as for Haitians in every region of the country, chief among these devices has always been their ancestral religion, Vaudou, commonly known as voodoo.

in a daylong ceremony of dance and throbbing song that repeatedly flirted with politics but was constantly mindful of the perils of free expression, villagers and pilgrims from elsewhere prayed for the return of Haiti's elected

# president, the Reverend Jean-Bertrand Aris-

While their priests cautiously explained to

settlement of Haiti's political crisis.

For many of the people of Haiti's dirt-poor countryside, credit for this breakthrough, like the fate that attends their land, rests with the

spirits that suddenly possess them as they cele-brate the rites of their faith.

"I have some hope for the future now, but it is only Gran Met and Guine that can talk to people's hearts and change our lives, not the lomats," said Ronald Novembre, a 27-yearold celebrant who said he had never held a regular job and was forced to live from day to

Gran Met is the Creole name for God, and Guine is the term used by practitioners of Vandou both to describe ancestral Africa and the realm of the spirits, or loa, which believers consult for succor and guidance.

Even before the coup against Father Aristide, life in the region of Gonaives, a gritty port town Haiti's western coast, was one of unremitting hardship. Work has always been scarce, and the land,

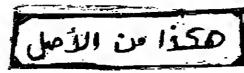
overtaxed by migration from the surrounding countryside, has grown ever stingier.

Since the coup against Father Aristide, however, things have grown steadily worse. "The life here is no good," said Pierre Desir, a tooth-less peasant farmer who wore his 70 years of discouragement on a deeply creased face. "Since March there has been no rain. As a people, here, we are almost finished."

This region was one of the main sources of a wave of emigration that has seen more than 40,000 Haitians try to reach the United States aboard flimsy boats in the last two years. In one of his first acts, President Bill Clinton stopped the exodus by ordering the Coast Guard to cordon off the sea passages leading north and to return Haitians directly to their homeland. Now, with that escape valve closed, diplo-

See HAITI, Page 6





X

#### visitors that their religion always deferred to the authorities of the moment and steadfastly sought to remain apolitical, Father Aristide's name was heard oo almost everyone else's lips. After two years of exile that followed an

army coup that overthrew him, the president, a Roman Catholic priest who was elected in a landslide in the country's first democratic vote, is scheduled to return to Haiti at the end of October. His return would follow a long diplomatic effort that resulted in July in a negotiated

# **Beijing Seeks an Olympian Solution to Flying Roulette**

#### By Patrick E. Tyler New York Times Service

BELJING - Worried that its bid to play host to the 2000 Olympic Games could be undermined by safety concerns among foreigners who fly on China's airlines. Chinese aviation authorities have announced a major crackdown on safety violations.

overdue. Seat belts are optional here. No one checks in bags because they will get lost, so the aisles of China's crack down before the air safety record became a carriers are often clogged with huggage, not to mention standing passengers.

At Beijing International Airport, where visitors to the Olympics would arrive, British Airways has banned passenger loading during refueling because ground crews refuse to put out their cigarettes.

"Can you imagine the fumes from 100 tons of fuel in the air and a guy is sitting there with a butt in his mouth?" asked one manager with an international carrier.

At a press conference this week. Yan Zhixiang, deputy director-general of the Civil Aviation Adminis-

tration of China, told reporters that, "The aviation sector, which is undergoing rapid expansion, has failed to carry through rules on air safety and security." One passenger association in the United States quipped in its newsletter that flying in China was more ngerous than strolling in the streets of Sarajevo.

An exaggeration, to be sure, but the barbs from For anyone who has flown in China, this is long abroad have been reinforced by so many scare stories from frequent flyers that the leadership was forced to reason for keeping the Games away from here, officials say.

in 1991, there were no fatalities from civilian air crashes in China, but more than 250 passengers and crew members died in 1992 as new regional airlines opened to meet new demand. This year hijackings have plagued China's carriers. In July, a pilot aborted his takeoff too late and skidded into a lake, where 59 passengers perished in an accident that was judged as pilot error, airline officials said.

China's air transport system has been booming with the rest of the economy. A country whose 1.2 billion

population mostly prefers walking or biking. China courtol, where old radar and inadequate communica-has now surpassed Canada in annual passenger miles. tion systems at times keep controllers in the dark For 1992, the number of passengers increased hy 30 percent, and this year is running 25 percent ahead of that

Since the government ended the state's monopoly on air transport, more than 20 new airlines have sprung up to lease planes, hire pilots and set up maintenance organizations that have been stretched beyond prudence.

"They ordered 50 aircraft last year and already this year they have 60 more on order," said Tony Laven, regional technical director for the International Air Transport Association, which has been advising Chinese officials on how to rectify some of the shortcomings.

"I think the Chinese are fully aware of the problems arising from rapid growth and now with this sudden high visibility of safety concerns, it is even more important because of their hid to host the 2000 Olympics," Mr. Laven said.

Among the worst aspects of the system is air traffic

MOSCOW (Renters) — Russia's Constitutional Court, whose chair man is embroiled in a dispute with President Boris N. Yeltsin over a country villa, ruled Friday that the Kremlin leader had broken the about what is going on above them.

Delays are epidemic. The aviation authority's most recent figures show that a year ago in May and June only 8 percent of scheduled flights were delayed. The figure was 18 percent this year, mostly due to air or ragging 13, 1992, on privatization of the electrically sector breached the constitution. The verdict suggested that the 13-member body would have no computction in ruling against Mr. Yeluin if it felt that he had exceeded his powers in issuing other decrees, many of them far more

traffic control problems. Airline officials say that controllers often have little choice but to delay flights because civilian authonities control only a tiny fraction of China's airspace. The bulk is reserved for the military, and when narrow flight corridors fill up, especially on the busy Beijing-Shanghai route, controllers cannot use parallel mili-tary or the military. tary corridors without permission from the military.

Steps China has taken to improve performance include new contracts with international companies to help Chinese airlines set up new maintenance and training programs. The Boeing Company is running a large pilot-training program as part of its sales con-tracts. British Airways has just signed a 12-month contract with China Southern Airline to help develop its maintenance program.

# In Glass Casket, Marcos Goes Before Admirers and Mourners



Imelda Marcos, left, and her eldest daughter, Imee, during funeral services for Ferdinand E. Marcos on Friday in Batac.

#### Compiled by Our Staff From Dispatche

BATAC, Philippines - The body of former President Ferdinand E. Marnos was laid to rest on Philippine soil on Friday, encased in a

glass casket and put on display. After angry sulogies in defense of the man accused by his enemies as a tyrant and a thief, Mr. Marcos was intered in a stone mausoleum, and Filipinos got their first chance to see the man since he was driven from power in 1986. He died in cule in Hawaii four years ago at age 72.

"He looks like he's sleeping," said Arnold Bacis, a farmer, after fighting to be among the first to get a view of Mr. Marcos,

A soft yellow glow lighted the wary face of Mr. Marcos, and a row of World War II metals was pinned to his chest. Soft chorai music played in the all-black mausoleum and a fiame burned at his feet, a symbol of the status the Marcos family believes

is his due. The Marcos family says it has not given up hope he will get his dying wish to be buried with state honors in the capital. Mr. Marcos's widow, Imelda, walked barefoot behind the coffin as

it was carried by retired generals into the mansoleum built beside the family mansion in Batac, 400 kilometers (250 miles) north of Manila.

"I wanted him preserved so that you can see him again," Mrs. Marcos said to a crowd of people waiting to view the body. "Ferdinand is now with me more than before. Before he was a dream. Now he is real once more," she said. The funeral climaxed the late president's return to his stronghold

in the northern Philippines after his body was flown home from Hawaii on Tnesday. President Fidel V. Ramos, a former Marcos military chief of staff

who helped remove Mr. Marcos in the 1986 revolt, refused to stall any state honors for the man widely regarded as a despot who plundered the nation of billions of dollars. He also refused a Manila bunial.

The funeral sulogies by Mr. Marcos's son, Ferdinand (Bongbong) Marcos, and Senator Arturo Tolentino, a close ally of the former president, angrily defended his achievements.

(Renters AFP)

Accept Russians

TALLINN, Estonia - Pope

John Paul II, plunging into a deep-ly sensitive issue in this Baltic state

with more than half a million Rus-

sian residents, told Estonians-on

He arrived from Latvia for a day

. . .

# John Paul Urges Estonians to

### Protest Mars Imperial Couple's Visit

ANTWERP, Beiginm (Combined Dispatches) - A handful of Flemish militants shouled hostile slogans at the emperor and empress of Japan and the Belgian king and queen as they arrived in this medieval Belgian city Friday. It was the first negative incident during the trip of Emperor Akihito

and his wife, Empress Michiko, since they arrived in Belgium on Thursday for a four-day state visit. The militants, members of a rightist Flemish individualist movement, shouted slogans such as "Belgium - Explode" and "Annesty." The latter shouts related to demands that full civil rights be restored to collaborators, mainly Flemish, with the Nazis in World War IL (AFP. AP)

### Cuba Brings Disease Under Control

HAVANA (Reuters) - Cuba's Public Health Ministry said Friday that a mysterious nervous disease that had affected 50,000 people was

# Serbian Fire Halts Utility Repair in Sarajevo, Bosnians Say

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina - Engineers trying to repair power lines reportedly came under fire Friday, leaving hundreds of thousands of residents of the Bosnian capital without electricity and water.

In Croatia, rebel Serbs threatened to attack all Croatian military targets if Croatian Army forces do not withdraw from two predominantly Serbian villages they seized a day earlier.

west of the capital. It was damaged Wednesday night in fighting between Serbian and government forces, cutting off power to the city of 380,000 people.

a construction of the second sec

A United Nations repair crew set out Friday morning to repair the line, said Commander Ideshald van

Sarajevo's only power line cross-es a front line on Mount Zue north-team had withdrawn, but there was press agency Tanjug reported. no immediate UN confirmation. UN maintenance crews have re-

to repair utility lines to besieged lometers (60 miles) sources the Sarajevo. Either they become tar-the Croatian capital, Zagreb. General Novakovic sent the oltineatedly been frustrated in efforts aged in new fighting. General Mile Novakovic, mili-

Biesebroeck, spokesman for the tary commander of rebel Serbs in UN peacekeeping force in Saraje- Croatia, threatened to attack all Yugoslavia, and Serbian authori-UN peacekeeping force in Saraje-vo. The Bosman Army said later Croatia, threatened to attack all ties in the self-proclaimed Serbian state in Croatia called all fighters to that Zuc had come under renewed atian Army did not withdraw Fri- prepare for action, Tanjug said.

There was no immediate compress agency Tanjug reported. Croatian officials confirmed ment from Croatian authorities or UN officials on the ultimatum.

The villages are just outside one of four UN-patrolled zones estab-lished in contested Croatian terri-Thursday that Croats had scized tory under a January 1992 truce. The pact ended a six-month war in which Serbs seized about one-third mander of all UN forces in former of Croatia

Friday that they must treat minor-But Serbian rebels on Friday ities as equals. launched their fiercest attack on the Croatian town of Karlovac trip to the Estonian capital to end since fighting began in the republic his wetklong tour of the three Bal-tic states - his first visit to counmore than two years ago, Croatian officials in the town said.

The police said that several hun-

being sought. The killing was the eighth involving a foreign tourist in Florida since October. Sibanouk to Have Surgery in China m From Politica

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PHNOM PENH (Renters) — The man almost certain to be crowned, king of Cambodia will not be in the country this month when a new government is formed to end decades of bloodshed.

WORLD BRIEFS

Yeltsin Edict Ruled Unconstitutional

The Interfax news agency said the court had ruled that a Yeltsin decree

of August 15, 1992, on privatization of the electricity sector breached the

politically sensitive. The court also fired a new shot in the battle over the court chairman's country villa, or dacha, saying the chairman, Valeri D. Zorkin, had no intention of moving out. Presidential guards were sent to seal the dacha Thursday and deny him entry. The president's office has given no explanation for the action, which the court denounced as illegal.

ATHENS (AP) - Greece's political parties began preparing Friday

for an Oct. 10 general election after the conservative government was

forced to resign when it lost its parliamentary majority. Prime Minister Constantine Mitsotakis, stung when the defection of a little-known conservative deputy deprived him of his slim majority, submitted his government's resignation on Thursday. He remains head of

a caretaker government until the election. The 300-member single-chamber parliament was dissolved Friday by presidential decree, freeing

candidates to begin their campaigns. Antonis Samaras, diamissed as foreign minister by Mr. Mitsotakis last year, formed his own party and began a campaign to bring down the government with dissident conservative deputies. Mr. Samaras, 42, ap-

peals more to the younger generation eager for a change. Analysts said he might turn out to be a kingmaker if no major party won a majority.

MIAMI (AP) - A 19-year-old woman accused of killing a German

MIAMI (AP) — A.19-year-old woman accused of killing a German tourist in a failed robbery attempt was arrested Friday after two days on the run, the police said. They had been seeking the suspect, Patsy Jones, in the killing of Uwe-Wilhelm Rakebrand with a sawed-off tille. Her boyfriend, Recondall Wiggins, 19, turned himself in on the day of the killing and admitted having driven the van used in the attack. He was charged with first-degree murder and attempted robbery. Soon after the attack, the couple walked into the police station where his mother works, and admitted having the base to blume. The Miami Heraid recorded Friday.

and admitted that he was to blame. The Miami Herald reported Friday. The police say Miss Jones fired the shot that killed Mr. Rakebrand as he drove a rental car. Another man believed to have been in the van is

Suspect Is Seized in Miami Slaying

Greek Election Is Set for Oct. 10

constitution in a decree on privatization.

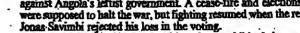
But officials said Friday that the absence of the head of state, Prince not likely to delay the approval of the constitution or the formation of the government. In a message from Beijing on Thursday, Prince Sihanouk said the surgery would probably delay his return to Phnom Penh by several weeks. Norodom Sihanouk, for an operation to remove an intestinal tumor, was

### Angola Said to Recruit Mercenaries

JOHANNESBURG (AP) - An Angolan company is recruiting South African soldiers for work that may involve fighting as mercenaries for the government, the army chief, General Georg Meiring, said Friday. South Africa formerly supported rebels who fought a 16-year civil war against Angola's leftist government. A cease-fire and elections last year

were supposed to halt the war, but fighting resumed when the rebel leader

General Meiring shill South African law prohibited the recruiting of soldiers as mercenatics and barred soldiers from such work.

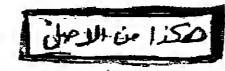


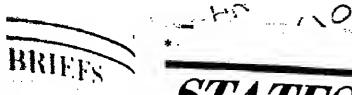


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# Unconstitutional

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Senate Clears Bill on Homosexuals in Military

WASHINGTON - The Senate has approved a policy oo homo-

from the 1994 defense anthorization bill and to replace it with a

statement that the president should determine the policy in his role

The language on homosexuals, which the House Armed Services

Committee also has included in its version of the defense bill,

generally parallels Mr. Clinton's policy in that it allows homosexuals

to serve in the military as loog as they do not engage in homosexual

But it does not codify Mr. Clinton's proposal to stop the military

from questioniog recruits about whether they are homosexual. In-

stead, it says questioning should be stopped but could be resumed if

deemed necessary by the defense secretary to carry out overall

Wallop Bows to the Term-Limit Groundswell

SHERIDAN, Wyoming - Senator Malcolm Wallop said Friday that he would not seek a fourth term next year because Wyoming

Representative David Dreier, Republican of California, who is

· Hours after being ordered to stand trial for helping a man kill

himself, Dr. Jack Kevorkian was on hand at another suicide, the 18th

at which he has been present, the police said Friday in Redford

Township, Michigan. Responding to a call reporting a suicide, the police found Dr. Kevorkian and a dead man. Dr. Kevorkian was not arrested, and his role in the unidentified man's death was not known.

. The former chief judge in New York state, Sol Wachtler, 63, was

sentenced to 15 months in federal prison in Trenton, New Jersey, for

threatening to kidnap the daughter of his former lover, Joy A.

Silverman. The case grew out of a 13-month campaign of hang-up

calls and anooymous, obscene letters that he began after ending his

• An experimental technique that would infase armies of virus-killing

cells into AIDS patients has been approved by a National Institutes

of Health committee of experts. The experiment calls for removing

antiviral immune cells from AIDS patients, culturing the cells into

· Boston students returned to public schools on Thursday after the

Boston Teachers Union voted to ratify a contract that will make

Boston the only large U.S. city to link teachers' pay to the perfor-

vast numbers and then injecting them back into patients.

compromise designed to resolve disputes over the issue.

as commander in chief.

objectives of the policy.

voters support term limits.

deadline."

acts or disclose their sexual orientation.

**Away From Politics** 

four-year affair with Ms. Silverman.

mance of its students.

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# #I for Oct. 10

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"The state has spoken very clearly about term limits," Mr. Wallop, a Republican, said. "If you believe in democracy and 74 percent of the people of the state say there should be term limits, I think you have to respect that." Wyoming voters last November approved a measure mandating term limits for members of Congress and state legislators. Mr. Wallop, 60, could serve two more terms because the law did not go Alter a second sec into effect until this year. na sense in energia de la compañía Terretaria de la compañía de la comp an ana san Ali alaona sa sa sa sa sa sa Quote/Unquote and a second Representative David Dreier, Republican of California, who is trying to round up Republican support for the North American Free Trade Agreement, expressing concern that President Bill Clinton is not as committed to securing passage of the accord as he needs to be: "Now we come back and we've got reinventing government. We've got bealth care and we've got NAFTA. I want to make sure the eye is on the ball. And the ball is NAFTA because we've got a Dec. 31 · · · · Bu 457

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# \* POLITICAL NOTES\* **5-Year Price Tag For Reform Plan** sexuals in the military that critics denounced as more restrictive than the one President Bill Clinton proposed two months ago, in a Put at \$700 Billion It did so on Thursday in rejecting, 63 to 33, a move by liberals to strip all restrictive language governing homosexuals in the military

By Dana Priest Washington Past Service On Thursday, 2 cacophony of WASHINGTON — President criticism, confusion and enthus

Bill Clinton's health care plan is projected to cost the federal government an estimated \$700 billion over five years, of which \$105 bil-

leaders on the plan. lion would come from new taxes on its on . Medicaid and Medicare cigarettes, alcoholic beverages and spending would result in unacceptsome large corporations, adminisable cutbacks in the quality and tration officials and congressional amount of care. Conservatives, in-cluding members of a potentially powerful coalition emerging be-tween Democrats and Senate Resources who have seen the plan say. About \$285 billion would be financed from savings realized by imposing caps on the Medicare for publicans, expressed doubts about the elderly and disabled, Medicaid government controls on health for the poor and other publicly fispending.

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AP. NYT

BEST NIGHT'S SLEEP.

AND THEN SOME.

KOIN GOLD CROWN CLUB

INTERNATIONAL BY 31/12/93 AND

GET THESE SPECIAL REWARDS

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ATLAS & HOTEL GUIDE EUROPE

nanced health programs, cutting their projected rate of growth by and Medicare spending, the leader about one-half. In addition, it of the majority Democrats in the Senate, George J. Mitchell nf Maine, said, "The question is whether those costs can be conwould use that previously budgeted money to subsidize the cost of health premiums for small companies and low-income workers and trolled in a reasonable way, and I to expand some benefits.

believe they can." Moreover, about \$259 billion would be raised by requiring com-panies that employ Medicare and Medicaid recipients to pay part of per of Tennessee, a conservative their health coverage costs. The White House expects to raise \$51 billion more when employers' costs of providing health benefits decline, as the plan assumes they will.

not taxed. officials emphasized that the plan

By Mary Jordan

Washington Post Service WASHINGTON - The amount of money America

spends on its public schools has soared as much as

health care costs, so that each household oow spends an annual average of \$2,348 in taxes to fund schools.

A large part of the rise has fattened hureaucracy.

and there is no sign that the investment had improved

learning, according to study made public by a biparti-san group of legislators and a former U.S. secretary of

achievers, according to their test scores and high

education, William J. Bennett.

school graduation rates.

Democrat, said government-im-posed cost controls amounted to heavy-handed, big government, Canadian, control devices that will not be good medicine for the American people." came, as the plan assumes they will. Ican people." These savings presumably would result in higher wages, which are can of Texas, said the plan did not account for "job losses and lost revenues resulting from a 3 percent to 7 percent added cound count for the same can be plan added cound for the same can be plan added can be plan added cound for the same can be plan added can be

for their schools, the students are among lowest paying for once unheard of items, such as metal

for immigrants.

STATESIDE / COUNTING HEALTH DOLLARS

Even so, criticism was swift.

On Thursday, a cacophony of

Hill to brief House and Senate

Liberals questioned whether lim-

Asked about limits on Medicaid

But Representative James Coo-

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, SEPTEMBER 11-12, 1993

to 7 percent added payroll cost im-Congressional and White House posed on small business." According to the White House was still evolving and would proba- plan, \$428 billion of the total cost bly change somewhat by the time would be spent on subsidies to help the president announced it on Sept. small companies and low-wage 22. workers buy health coverage.

# Streamlining Means Yet Another Panel

By Michael Kelly New York Times Service

CLEVELAND - In his first official act of "reinventing government" into a quicker, slimmer, smarter creature, President Bill Clinton has created a new government entity.

"I am going today, as soon as I finish talking, to sit down here and sign a new order to my cabinet, to create a Community Enterprise Board from my cabinet," Mr. Clinton told several thousand people at a Cleveland shopping center Thursday. "Not a domestic policy group to tell people what to do, but a Community Enterprise Board."

A lew minutes later, with the stroke of a presidential pen, the deed was done. The Community Enterprise Board, led by Vice President Al Gore and peopled by 17 cabinet secretaries and presidential assistants, joined the 1,250 commissions, committees, boards, councils and advisory groups that already sit in various nooks and corners of government.

But the birth, as it turned out, may have been a trifle premature. The announcement was intended as a "Rego event," a public relations spectacle to build support for the White House's campaign to reinvent, that is streamline, the government.

But the explanation did not make clear what the board would actually do or how. The concept, as Maria Romash, a White House spokesman, acknowledged, is a work in progress.

naled "a new era in the relationship with the national, the state, and the local governments." But beyond that, he was vague.

"What is the practical impact of all that?" he said. "It will be for us to identify neighbor-. hoods in trouble all across America. They will say what they want done. Then my cabinet will sit down and work together and figure out how to do it, not how to tell them to comply with our rules, but how to do what people need done at the local level." A presidential memo, issued in coordina-

tion with the speech, was only slightly more elaborate. In it, Mr. Clinton said the first task of the board would be "to assist in the successful implementation" of "empowerment zones," needy areas that are eligible under the 1993 budget act to receive special federal aid. Pressed further, Ms. Romash said the board's overall task would be to "carry the ideas of reinventing government to the streets." It would serve, she said, as "an enforcement tool," pushing recalcitrant bu-resucrats into line with the sweeping goals outlined in the National Performance Review

that Mr. Gore announced Tuesday. But while the board's mandate is couched in grand terms, its actual design is modest. It bas no enforcement powers, no staff, no stat-

mory power to force other entities of the ent into concrete actions.

"There is no money appropriated here, no staff assigned, no physical space involved,"

The president said his announcement sig-maled "a new era in the relationship with the will rely on their own staffs."

Page 3

Henry G. Cisneros, the secretary of housing and urban development and one of the architects of the new board, described it as a gathering of cabinet secretaries and top economic advisers that would meet once a month to coordinate ways to "force" cooperation between federal agencies on problems as large as housing the homeless and as specific as a 10-square-block redevelopment program in Brooklyn."

If this sounds like a lot of work for a monthly panel with no staff or budget, it is, Mr. Cisneros said.

But not to worry. "I didn't say there's no staff," he hastened to clarify. "I said there would be no new hiring. But my understanding is that the vice president will take some people from his office who worked on the National Performance Review and apply them to this, and we will have some people from HUD we will dedicate to different pro-jects on this." Indeed, he said, "I think every department is going to do this, assign people to the board's projects as needed."

But, he clarified, it would be wrong to think that this would result in something like a new layer of bureaucracy. This is just a way to facilitate, to coordinate, to make the departments do things together that they are incapable of doing without some direction," he said. "That should he obvious."

# Helen O'Connell, Big Band Singer, Dies

The Associated Press

Thursday.

rigor and targeted resources pay off."

detectors to screen for weapons and special teachers

per student as wealthy districts.

SAN DIEGO - Helen O'Connell, 73, a big band singer whose songs were popular with GIs dur-ing World War II, died of cancer

Born in Lima, Ohin, Miss O'Connell's singing career took off in 1939 when she recorded "Green Eyes" with Boh Eberle as a vocalist with the Jimmy Dorsey Orchestra.

> Aaron Wildavsky, 63, a political scientist who was an expert on pub-

Money's role in improving learning is one of the most controversial topics in education today. Dozens Mr. Wildavsky, a former presi-dent of the American Political Sciof states are now involved in court battles because poor school districts have sued to get as much money ence Association, had taught at the University of California at Berke-Public school advocates say it is uniair to criticize In New Jersey, New York, the District of Columbia the rising costs of running public schools, especially and other places where taxpayers pay among the most those in large urban areas, because the schools are now

In "The Deficit and the Public Interest" (1990), a book he wrote 1955, for Dior in New York, and with Joseph White, the authors said that the natioo's "deficit is high Since 1972, he had designed along-

She went on to become one of the because reducing it will have seri- side Mr. Laroche, taking over on

Tuesday after a long illness. In 1942, he escaped from his bometown of Lvov, Poland, and became a partisan fighter against the Nazis, starting a group called Schweitzler Aktion to save Jewish children.

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the Years."

ley since 1963.

Show." For nine years she was torted and unproductive." hostess of the Miss Universe Pag-

ing in a Hurry." lack of courage or insidious spe-In the 1950s, she worked with cial interests dominating the 'publack of courage or insidious 'spe-Dave Garroway on NBC's 'Today lic' interest, debate will remain dis-

Zaki Nagmib Mahmond, 88, an Egyptian philosopher and writer whose articles and books were widely read in the Arab world, died Wednesday in Cairo of illness related to diabetes. He wrote extensively about Arab cultural and political affairs. He recently finished his autobiography, "The Harvest of

Guy Donvier, 65, who created ready-to-wear at the Guy Laroche couture house, died Tnesday in Paris after a heart attack. Born in Nouméa, New Caledonia, he studied painting at the Ecole des Beaux-Arts in Paris before turning to fashion. He worked with Chanel in

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# ane went on to become one of the occases reducing it will have sen-most popular female singers during the height of the Swing Era. She also popularized such songs as "Tangerine," "Amapola," "Until this fact is faced; until poli-"Jim," "I Remember You," and the media, and the public "Arthur Murray Taught Me Danc-ing in a Hurry"

New York Times Service

ing, died of lung cancer on Satur-day in Oakland, California.

cant, and for several years was a television spokeswoman for Polar-Aaron Wildavsky, 63, "There is an systematic link between spending and

A Public Policy Expert

academic achievement," said Emily Feistritzer, presi-dent of the National Center for Edocation Information and anthor of the study. "Standards, academic

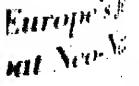
lic policy and government budget-

for Antonelli and Tiziani in Rome.

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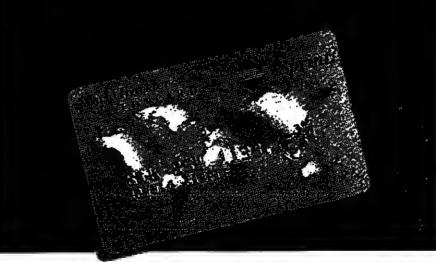
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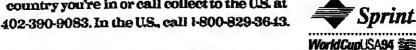
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# **REACHING FOR PEACE / 'A NEW ERA'**

# **Clinton Says U.S. Will Resume Contacts With PLO**

By John M. Goshko

Washington Post Service WASHINGTON - President Bill Clinton said Friday that the United States would resume contacts with the Palestine Liberation Organization, and he pledged that his administration would be "a full and active partner" in helping Israel and the PLO implement their peace agreement.

His endorsement of the Israeli-PLO accord as "the dawning of a new era" for peace came at a White House ceremony where he formally announced that he would be the host at the signing of the self-rule accord in the White House.

The United States was a passive bystander during the seven months of secret negotiations in Norway at which the agreement was worked out. Nevertheless, Mr. Clinton was clearly eager to play a visible role in order to turn Monday's White House ceremony into a launching pad for a renewed effort to resolve those tracks of the peace process involving Syria, Lebanon and Jordan.

The world owes Norway a great debt of gratitude," he said. But he described the secret talks there as complementary to the formal peace process and said they had succeeded because they had provided a forum in which Israel and the PLO were able to put aside three decades of animosity and PLO could work out problems that had been raised in the engage in face-to-face talks.

more public negotiating rounds here. "I don't remember the exact date, but we've known for quite a while about the discussions in Norway," Mr. Clinton said in answer to a question. But he said the United States "dida't want to know much of the details" because the PLO and Israel were talking to each other.

A senior State Department official, who spoke with re-porters later on condition that he not be identified, noted that the official Israeli and U.S. policies of refusing to talk directly to the PLO had meant that "the talks here lacked the authority to make decisions," since it was clear that only the PLO had the power to speak for the Palestinian side.

During the past week, he and other U.S. officials have responded to questions about why the United States was on the sidelines during the talks in Norway by quoting former Secretary of State James A. Baker 3d's observation that "the United States cannot want peace more than the parties themselves."

The important thing, they insisted, was not the location or sponsorship of the talks but the fact that the Israelis and the Strip

Accord Is Welcomed Around the Globe Around the world, the Israeli-PLO pact was greeted with

enthusiasm and relief, Renters reported. "From the start, Russia was certain that dialogue with the PLO was indispensable," said a Foreign Ministry spokes-man, Gregori Karasin. He said Russia, which along with the United States has co-sponsored the Middle East peace talks begun in October 1991, viewed the accord as a "instance and isive step comparable with the fail of the Berlin Wall."

Foreign Minister Willy Class of Belgium, representing the European Community's current presidency, praised the "courage and determination" of those who had negotiated the deal and said he would immediately start consultations to intensify EC contribution to the peace process. On Wednesday the EC Commission announced plans to grant \$600 million in extra aid to the occupied territories.

Japan's Kyodo news agency said Tokyo planned to offer aid to assist Palestinian self-rule in the West Bank and Gaza

### **CLINTON:** High Praise for Norway Mediator's 'Little Role' U.S. 'Guarantees'

OSLO — Foreign Minister Johan Jorgen Holst has sometimes been criticized for get-ting too involved in encyclopedic details and for preferring behind-the-scenes diplomacy. But these failings turned to strengths as he

brokered negotiations between Israel and the Palestine Liberation Organization in which every detail of the deal leading to mutual recognition was essential.

Mr. Holst, 55, and four other Norwegian mediators - including his wife, Marianne Heiberg, a Middle East researcher - provided israeli and PLO negotiators with an informal family atmosphere in the meetings, backed up by good lood and wine. The couple even played host to some of the 14 rounds of talks at their Oslo home.

The talks were often close to crisis," said Mr. Holst, who confessed that he had hardly slept for weeks. He said be felt humbled hy what he called "a little role" in the talks.

What About This?

And This? And This?

By Sabra Chartrand

New York Times Service

WASHINGTON ---- The mutual recognition accord and draft peace agreement between Israel and the Palestinians leave many questions unanswered, both large and small, about the practical aspects of creating

two autonomous regions. Among them are: JERICHO'S LIMITS: The Gaza Strip has clear borders, but how will the boundaries of Jericho be drawn? Will the autonomous enclave include

only the small town, or extend to unpopulated and agricultural land

around Jericho? How will the border be marked - with a fence, patrolled

work in other parts of the West Bank or in Israel cross the border each

LINKING TWO SPOTS: The draft agreement refers to the Gaza Strip and Jericho as "a single territorial unit," but how will they be linked? The

current plan does not include a corridor, although previous peace initiatives suggested one. So will there be an express shuttle? If the areas are autonomous, will Palestinians traveling between them have to pass through Israeli security checks?

TRAVEL: What documents can Arabs carry that Israelis will accept?

Palestinians now use identity cards issued by the Israeli government. Will

those still be necessary for travel, or will they be replaced hy Palestinian passports? Will Palestinians have to travel overland through Israel to Amman, Jordan, or to Cairo or to Tel Aviv for international flights? Or

day?

But he won nothing but praise for it. Mr. Holst, a former defense minister, became foreign minister in April, taking over from Thorvald Stoltenberg, who resigned to become a the United Nations peace mediator in the former Yugoslavia.

"I took over a baton in a relay," he said of the Middle East talks.

Mr. Holst said in April that talks on Norway's European Community membership, which began this year, would be his main challenge and that be would try to contribute to efforts to end war in the former Yugoslavia. But he gave no hint of the PLO-Israel endeavor.

Mr. Holst has said that both sides saw Norway as an honest hroker, which had special knowledge because of a Norwegian research project into the living conditions of Palestinians in Israel's occupied territories that was conducted in the late 1980s.

FOR

Arafat.

AGAINST

Yasser Arafat.

As defense minister from 1986 to 1989, he worked to shift Norway's relations with Rus-sia away from the confrontation of the Cold

Last year, he ran into trouble from the parliament for failing to consult before sug-gesting to Russian officials that they might like to take part in a North Atlantic Treary Organization naval exercise off Norway.

Kaci Kullmann Five, head of the main opposition Conservative Party, said earlier this year that she had had "bad experience with his ability to listen and communicate with parliament." Born in Oslo on Nov. 29, 1937, Mr. Holst

has a master's degree from Oslo University, Abroad, he did research work at Harvard University and at the Hudson Institute in New York.

He was a candidate to succeed Secretary-General Manfred Worner of NATO last year, until Mr. Wörner's term was extended

**Continued from Page I** be expected to cope handily with any cross-border military threat in the Gaza Strip and any other terri-tory relinquished to Palestinian control

Internal law and order will be the responsibility, in effect, of PLO units that swap their guerrilla outfus lor police uniforms, according to a U.S. official. The official said that the planned arrangements amounted to "sending the PLO's gangs back to police the areas that Israel had chased them out of." The most dangerous challenge for the future Palestinian authori-

ties is likely to come from Hamas and other extremist Islamic groups that refuse to accept Israel's existence, not from dissident PLO fac-tions defying the decision hy Yasser Arafat and other leaders in his movement to renounce violence

against Israel. Warnings against any move to pledge formal security guarantees to Israel came from several Middle East analysis in Washington.

costly and dangerous because they are always undertaken on the basis of current circumstances and then do not work out when the circumstances change for the worse," said Douglas J. Feith, a former Middle East specialist on the National Se-

carity Council. In the past, U.S. pledges to help enforce peace accords have often been made in an effort to get Israel and Arab nations to take a final step toward agreement. That pattern worked in promoting the Ispublicly considered in Washington as a possible incentive for an agree-

tween Iarael and Syria. "Usually, U.S. pledges on securi-ty are intended as leverage to push Israelis toward territorial conces-

That process worked well in fos-

of these goals, knowing that it's still a long way to go, with obstacles on the road that we shall have to remove, and it is possible to remove them.

I believe it starts a new era, an era in which we will do our best to achieve peace and security for Israel and at the same time to give the Palestinians the right, in the context of the agreement, about an interim period to run their affairs.

I believe that there is a great opportunity of changing, not only the relations between the Pales-tinians and Israel, but to extend it to the solution of the conflict between Israel and other Arab countries and other Arab peoples. It's an historie moment which hopefully will bring about an end to 100 years of bloodshed, misery, between the Palestinians and Jews, between Palestinians and Israel

I would like to thank you, Mr. Jorgen Hoist of Norway for your real efforts, for your involvement with the achievement of these papers. I want to thank you Shimon [Peres] for your efforts to bring about a success. As I said, it's only the beginning, but a tremendous, important beginning.



Israeli Prime Minister's Statement

# 2 Signing Ceremonies, and 2 Styles

The Associated Press

Rabin's statement in English at the signing of the letter to Yasser Arafat, in which Israel recognizes the

Palestine Liberation Organization. 1 have just received a letter from Chairman Arafat in the name of the leadership of the PLO in

which he takes commitments to recognize Israel and its right to exist in peace and security, to solve the long conflict between the Palestinians and Israel during negotiations in a peaceful way. He

takes a commitment to end terror and violence, to

renounce it. He takes upon himself to look at the articles of the Palestinian covenant as inoperative

I see in this commitment on the part of the PLO a change, a dramatic change that opens the road toward reconciliation and peace between the Pal-

It is the first agreement between the Palestinians

and Israel since the creation of the state of Israel. I

am fully aware about the difficulties that face the Palestinians and Israel in a solution of our prob-

lems. I see in it a big step toward the achievement

and no longer valid.

estinians and Israel.

Following is the text of Prime Minister Yitzhak

The signing of the historic letters officially put-ting an end to decades of conflict between Israel and the Palestine Liberation Organization was a study in contrasts.

Yasser Arafat, chairman of the PLO, signed the letter recognizing Israel at a low-key occasion in the organization's offices in Tunis. Only the Norwegian foreign minister, Johan Jorgen Holst, who brokered the deal, and a few senior Palestinian leaders were present

There was no official ceremony and no speeches. Mr. Arafat kept quietly in the background, disappointing hundreds of journalists who had expected him to make a speech.

Mr. Holst put the letter in his briefcase and took it to Jernsalem, where Prime Minister Yitzhak Rabin countersigned it, along with a text for the first time recognizing the PLO as the representative of the Palestinian people.

At a dignified ceremony at his office, also at-tended by Foreign Minister Shimon Peres, Mr. Rabin carefully read the four-page letter from Mr. Arafat to an audience of officials, uniformed army officers and journalists. He said it was the start of "a new cra."

As he spoke, his voice mingled at times with chants of hundreds of rightist Israeli demonstrators outside shouting, "Death to Arafat."

**Palestinians: Where They Stand** A list of Palestinian organizations and their positions on the Israeli-PLO autonomy accord and the recognition of Israel. "Security obligations can be

raeli-Egyptian peace treaty in 1979, and a similar U.S. bid has been ment on the Golan Heights be-

sions that an American administration wants but which cause anxieties in Israel," Mr. Feith said.

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will they be able to build an airport in Jericho or Gaza? Where will Palestinians in Jericho and Gaza get the drivers' licenses now issued by the Israelis?

PLO'S FREEDOM: How free will the PLO chairman, Yasser Arafat, and his aides be to cross Israeli territory to get from Gaza to Jericho, or to Jordan, or Egypt? There have been reports that Mr. Arafat plans to keep a residence in Jericho. Will he be able to drive to Tel Aviv if he needs to fly to London?

POLICE: The draft agreement calls for a Palestinian police force. Will the Palestinian police officers who resigned in the first year of the Palestinian uprising five years ago be rehired? The PLO has already said that many of its fighters, now scattered throughout the Arab world, would become police officers. Would these include some of the PLO fighters that the Israeli Army evicted from Lebanon in 1982?

BUREAUCRACY: Who will help establish new government agencies? Palestinian-run schools and bospitals already function under Israeli authority. But what of creating government agencies to control tax collection, social welfare, tourism, economic development, environmental issues and energy resources? At least initially, there is likely to be a shortage of trained Palestinians from Jericho or Gaza to take on those tasks

ELECTIONS: Palestinians must elect an interim self-government authority, or council, under the agreement. Who will organize the elections, register voters and political parties, and draft campaign regula-tions? How will candidates advertise? Israelis run all the television and radio stations. Will the Palestinians be able to start up stations in time to

Carry campaign ads and provide election coverage? OTHER ISSUES: What currency will be used in Gaza and Jericho? Will the telephones operated by BEZEK, the Israeli phone company, still function? Will mail delivered by the Israeli Postal Authority still arrive? If Palestinians run Gaza's ports while the Israeli Navy controls the they could to sabotage Mr. Arafat's Mediterranean, who will decide where and when Arabs can fish at sea?

Islamic Jihad In Palestine.

spokesman Yasser Abed Rabbo.

PLO's Executive Committee.

Fatah-Intifada, breakaway from Fatah, based in Damascus and led by Abu Musa. Has called for Arafat to be killed.

Fatah. The largest single Palestinan movement, led by Yasser

Democratic Palestinian Union. A breakaway faction of the

Democratic Front for the Liberation of Palestine led by Arafat's

Palestine People's Party, formerly the Palestine Communist Party, led by Suleiman Najjab.

Popular Front for the Liberation of Palastine, led by Georges

Habash. PFLP announced Friday that it was withdrawing from the

Democratic Front for the Liberation of Palestine, led by Nayef

Hawatmeh; withdrew Friday from the PLO Executive Committee.

Palestinian Liberation Front, led by Mohammed Abbas.

Popular Front for the Liberation of Palestine - General

Command, the leader, Ahmed Jebril, has threatened to kill

Arab Liberation Front, led by Mahmut Ishmail,

Popular Struggle Front, led by Samir Goshe.

Saiga, Syrian-backed group led by Issam Qadi.

Sourca: AFP

in Mr. Arafat's cabinct.

usees in Lebanon.

Shafik Hout, the PLO's repre-

In other Arab capitals, some of

the most radical groups in the Pal-

estinian nationalist movement de-nounced the accord as a sellout of

their rights and vowed to do all

Non-PLO groups opposed:

## **ARABS:** Arafat Faces a Revolt Continued from Page I

tion to the century-old conflict of two people vying over the same resign and would strive to work within the organization to change the decision. Other opponents said lands

In Amman, Jordan, Abdul Rahim Mallouh of the Popular Front they could no longer go on serving for the Liberation of Palestine and Tayseer Khalid of the Democratic Front for the Liberation of Palessentative in Beirut, said he could tine declared that they were with-drawing from the ruling commitnot tolerate "the concessions made by the leadership." He said he was particularly upset because the actec.

"The PLO leadership has not cord did not appear to take into account the fate of Palestinian refonly recognized Israel but also its right to exist on Palestinian lands," Mr. Mallouh said. "That happened without Israel's recognition of the existence of the Palestinian people and their legitimate national rights."

Abdullah Hourani, the head of the PLO's cultural affairs department, said he would also boycott further meetings of the Executive Committee.

# they could to sabotage Mr. Arafat's **Opponents Urge 'Alternative PLO'**

#### Washington Post Service

DAMASCUS — Palestinian groups opposed to the trends" to oppose the accord between Yasser Arafat, the Palestine Libera- He challenged the PLO lead tion Organization leader, and Israel called Friday for the creation of an alternative PLO and said they would ask Iran for help to counter the West's "grand bribe" for capit

About 10 groups allowed to operate information and coordination offices here issued denunciations to Tehran, said there would be high-level contacts lashing out at Mr. Arafat and declared they were not soon with Iranian officials. concerned with the current PLO's commitment to the renunciation of violence against Israel.

Ahmed Jebril, the secretary-general of the Popular Front for the Liberation of Palestine-General Command, a splinter group based here, said in an interview that guerrilla groups would form a broad coalition

based on the Palestinian masses and "rising Islamic He challenged the PLO leader, saying he would not be able to hold a meeting of the Palestine National Council, the Palestinians' parliament-in-exile, as be usually does in Algeria, because of the threat from Islamic fundamentalists.

Mr. Jebril, who has made no secret of his connection

We look to Iran as an ally," he said. "The Iranians have an interest in backing us, because if the battle with us is over, the war will be directly against them in

the Gulf.'

He attacked the blueprint for self-rule worked out with Israel as an "unforgivable sin"

### **REBELS:** Arafat Is Keeping His Rivals Off Balance tollah Mohammed Yazdi, called

lacks

#### Continued from Page 1

refugee camps of the Gaza Strip, However, a Hamas leader, Abdelaziz Rantisi told The Associated Press that the organization would not attack the PLO over the agreement with Israel, but instead indicated it would continue attacks on Israeli soldiers in the occupied terniories.

The other threat to Mr. Arafat comes from the dissident factions within the PLO, or opponents in Damascus and other Arab capitals. Bruce Holfman, an anu-terrorism specialist with the RAND

effective because of their geograph-Corp. in Santa Monica, California, said getting Syria to support the ical distance. In Tehran, a leading cleric, Ava- attack Israel itself." peace process - or at least obstain

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from attempting to wreck it - could be one of the most critical factors in making it work. ."If Syria is brought into the

found mitigating effect on the level of terrorism," he said. "It would mean that the countries sharing common borders with Israel would not be amenable to being used as jumping off points for terrorist at-

the accords "a plot" on a scale with the 1979 Camp David agreement between Egypt and Israel, which the Iranians bitterly reject. peace process, it will have a pro-

Mr. Hoffman warned that if the radical groups were thwarted in the occupied territories, they could turn to terrorism in other parts of the world, including Western Europe and the United States.

"That's always been a Palestin-He added that Iraq, fran and Libya would continue to support radical rejectionist groups hut that these would be smaller and less can expect this to be replicated "We need something like a Mar-

even more so if these groups lack a shall Plan to make this peace contiguous border with which to work." said Yasser Abed Rabbo, a trusted Arafat aide.

between Israel and Egypt and maintaining stability ever since in the Sinai, but the military arrange-ments have never been tested by any belligerent moves from either

Mr. Clinton evoked that precedent, saying that "most people are probably not even aware of the long-standing presence of Ameri-can forces in a multilateral context in the Middle East in the aftermath

of Camp David because it did work so well." He said the United States had not made any specific decisions and would wait for proposals from the parties involved.

The arrangements for a Palestinian entity seem to have scant need of any outside military help, the experts said, because the political breakthrough has already been made without such guarantees.

In Mr. Feith's view, the govern-ment of Prime Minister Yitzhak Rabin has concluded that it wants to escape the burdens of continuing occupation, hoping that its with-drawal will produce peac

**Actual Signers Still in Doubt** In Damascus, Palestinian hardliners sheltered by President Hafez Assed demanded that Mr. Arafat be executed on grounds that he betrayed the rights of his people. Ranking PLO Official, and Foe of Pact, May Refuse Sayed Muss, leader of the Fatah Uprising group, described the pact as "national treason" and asked Complied by Our Stuff From Disp

WASHINGTON - More than 1,000 dignitaries could attend a White House ceremony on Monday that Mr. Arafat be put on trial by Palestinian guerrilla forces. Ahmed Jebril, a former Syrian for the signing of the peace agreement between Israel and the Palestine Liberation Organization. army officer who heads the Popular Front for the Liberation of Pales-"The event on Monday should match the historic importance of the occasion," a senior White tine-General Command, predicted House official said. this week that Mr. Arafat would be assassinated. He said the mutual recognition pact marked "a black day in the history of Palestinians" and insisted that "time will prove

that this is not a peace agreement." In the Gaza Strip, members of the Islamic fundamentalist groups Hamas and Islamic lihad contin ued to denounce "traitons and sellers of Palestinian lands," Officials from Iran's Islamic government, which has supported those groups, vowed to undermine the recogni-

tion pact. Meanwhile, Mr. Arafat pleaded for financial contributions from the Western world and for his former benefactors in the Gulf Arab states to step up contributions and help the PLO and Israel show that

# ACCORD: Jordan Expects Peace Agenda With Israel

### Continued from Page 1

and Israel could take some time, the king said. "But certainly the process lead-

ing to resolving all the problems as they relate to Israel and Jordan the beginning will be very, very soon," be said. (Reuters, AP) Chance for Reconciliation

Clyde Haberman of The New York Times reported from Jerusa-

As be signed a starchly worded letter declaring Israel's recognition of the Palestine Liberation Organization. Prime Minister Yitzhak Rabin said Friday that history had handed Israel a chance for reconciliation with the rest of the Arab world and not just the Palestinians. "I believe that there is a great

opportunity of changing not only the relations between the Palestinians and Israel but to extend it to the solution of the conflict between

Israel and other Arab countries and after an extraordinary 24 hours in other Arab peoples," Mr. Rabin which Israelis and Palestinians said at a signing ceremony whose simplicity belied the seismic shift in Middle East relationships.

hopefully will bring about an end security and forswearing terrorism

of that happening for now. Rather, the focus was on the Israeli-PLO mntual recognition agreement, although in many re-spects it was a day of anticlimax. The real deals had finally been struck on Thursday.

people needed to catch their breath

The PLO had hoped that the United States could persuade Prime Minister Yitzhak Rabin of Israel to attend, so that Yasser Arafat, the PLO

leader, could also come, said a U.S. official who

turned decades of agonized history on its head, recognizing each other and, on the PLO's part, affirming "It is an historic moment which Isracl's right to exist in peace and

to 100 years of bloodshed, misery and other violence. between the Palestinians and Jews, and Palestinians and Israel," he said.

recognizing the PLO as "the repre-sentative of the Palestinian people" In addition to progress on an followed by about 10 hours a similar event behind closed doors in Israel-Jordan agreement, some Isracli officials have said they hope in Tunis, where Yasser Arafat, the PLO chairman, signed letters recthe ongoing talks in Washington to put their negotiations with Syria on a fast track. But there was no sign

In Jerusalem, it was as though

ognizing Israel, renouncing terror-ism and calling for a "normalization of life." As expected, the ceremonial flourish was followed in Washington with an announcement by Pres ident Bill Clinton that the United States would resume a dialogue with the PLO that had been broken off in 1990 after Palestinian guerril-

Mr. Rabin's signing of a letter

ias made a failed attempt to attack an Israeli beach

Also as expected, the Americans said that arrangements were being made for a large White House cere-mony on Monday when Israel and the PLO will sign a companion agreement to introduce Palestinian self-rule to Israeli-occupied territo-ties statuting in the Gran Sciences

start due to initial computer terms-ries, starting in the Gaza Strip and the West Bank city of Jericho. Foreign Minister Shimon Peres of Israel was expected to attend the Washington ceremony for Israel, while Mahmoud Ahhas, also known as Abu Mazin, the chief PLO negotiator for accord on selfrule, was expected to represent the

# Soldiers Shoot 10 In Gaza Protests

Agence France-Presse

estinians protesting the PLO's reconciliation with Israel on the occupied Gaza Strip on Friday. birs seesativ

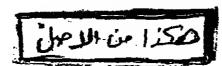
The shooting came as Muslims left the mosques after Friday pray-ers. Six people were shot in Rafah, on the border with Egypt, as the army fired on masked Palestinians in a demonstration. A 16-year-old boy was seriously wounded in the head

In Gaza City, soldiers clashed with supporters of Hamas, the Islamic Resistance Movement, as about 300 people protested the PLO's accord with Israel.

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pected to represent Israel. But PLO will have problems if it, too, is to be represented at the foreign minister level because the leader with the rank of foreign minister. Farouk Kaddoumi, is strongly opposed to the agreement. In Tunis, PLO officials said Friday that the

architect of the autonomy deal, Mahmoud Ahbas, would sign the agreement if Mr. Kaddoumi refused to go. Mr. Abbas, who is also known as Abu Mazen, is in charge of the PLO's department of Arah and international affairs.

"If Farouk Kaddoumi, head of the PLO's political department, refuses to go to Washington to sign the accord," Mr. Abbas will go in his place, the Palestine Liberation Organization's information department said.

Mr. Kaddoumi said earlier this week that he believed that the antonomy and recognition ac-cords "harm the inalienable national rights of the Palestinian people and the PLO charter." President Bill Clinton said Friday that it was up

to Israel and the PLO to decide who would sign. Whoever they decide will be here is fine with ns." be said.

spoke on condition of anonymity. Mr. Arafat said Thursday that he would like to go to the White House. The White House press secretary, Dee Dee Myers, said Friday that there was likely to be a series of daylong events built around the main event -a signing ceremony on the South Lawn of the White House. Details are still be worked out, she said. She said invitations would be issued to former

Presidents Richard Nixon, Gerald R. Ford, Jimmy Carter, Ronald Reagan and George Bush. Former secretaries of state also will be invited, she said. The gnest list is also likely to include high-

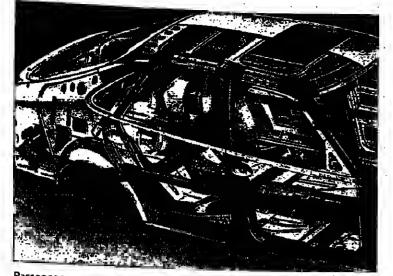
ranking officials from countries that have been involved in the Middle East peace process. These would presumably include officials from

Russia, which co-sponsored 22 months of peace talks; Egypt, which has backed efforts in the region; Norway, where the series of secret talks occurred that produced an agreement on Palestinian self-rule, and France, where other secret talks took place.

Secretary of State Warren M. Christopher also intended to invite his predecessor, James A. Baker 3d, who worked to set up the Middle East peace taiks, officials said.

Jacques Delors, president of the EC Commis sion, was also a possible guest, mainly because the European Community has pledged hundreds of millions of dollars to help carry out the accords. (Reuters, AP)

The biggest uncertainty involved who would sign the accords for both sides. Foreign Minister Shimon Peres of Israel is ex-



Passengers are protected in a steel safety cage.

statement ::

nd 2 Styles

genda With less

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In Case Past

The new Saab 900's door handle is intentionally-recessed to reduce windnoise. With your palm up or down it offers a firm grip. Well appreciated in bad weather or emergencies. The front was hit at 56 kph. Designed to crumple, it absorbs and distributes collision forces. The driverprotection system includes seat-belt with pretensioning, airbag, collapsible steering column and our patented A-pillar/front sill connection, reducing leg injury risk by helping to deflect the front wheel from intruding into the cabin during an offset frontal collision. The rear was struck at 48 kph. Our new Saab 'Safeseat' concept features a unique new steel beam assembly, offering all three occupants three-point

team has worked beyond test-track and laboratory, analysing real-life road accident data. The car bristles with safety features which apply in all markets, not only where legislation demands.

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It was rammed in the side at 54 kph. All doors are packed with shockabsorbent foam. The side-protectionsystem deforms defensively while absorbing collision force. Occupants are housed in a reinforced steel safety cage that deflects high-speed collision forces. Result? A battered new 900 with safety cage intact. Passengers would have been shaken, but *alive*. For 25 years, our safety engineering car. Based on the identical design philosophy, our tests indicate that the new 900 is equally as safe. Other insurers agree, endorsing the new 900's safety and stability by, in most cases, reducing premiums below other cars in its class. Very sensible. Very satisfying. And very Saab.

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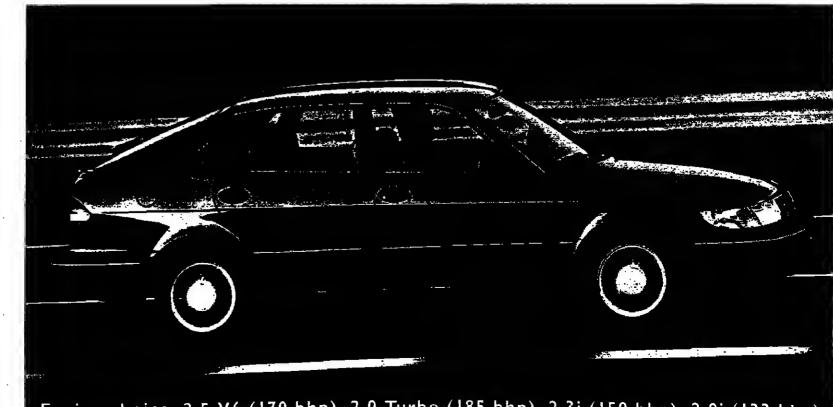
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<sup>\*</sup>Centre head restraint is an option Specifications and standard equipment may vary by market. Consult your nearest Saab retailer.

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Engine choice: 2.5 V6 (170 bhp), 2.0 Turbo (185 bhp), 2.3i (150 bhp), 2.0i (133 bhp) For further information, test drive or the International/Diplomat Sales Program call Saab Information Service +44-71-240-3033 or fax a copy of your business card to +44-71-240-6033.

# **NATO Leader Urges Admission of East Europeans**

#### By Tom Buerkie International Herald Tribune

BRUSSELS --- The head of NATO made the clearest call yet on Friday to bring the nations of Eastern Europe into the alliance, saying that one of the organization's chief goals must be "to project stability to the East.\*

Manfred Wörner, secretary-general of the North Atlantic Treaty Organization, said the West should seize on the opening created by President Boris N. Yeltsin, who recently declared that Russia would not oppose Poland's hid to gain membership in NATO.

"The time has come to open a more concrete perspective to those countries of Central and Eastern Europe which want to join NATO and which we may consider eligible for future membership." he said.

"Even if there are no immediate plans to enlarge NATO, such a move would increase the stability of the whole of Europe and be in the interest of all nations, including Russia and Ukraine."

Mr. Worner, who spoke at a conference sponsored by the International Institute for Strategic Studies, made it clear that he would be pushing NATO members to ease their opposition to early enlargement in the enhancing ties in the North Atlantic Cooper-

Defense Minister Volker Rühe said Germa- Union. would press at the summit meeting for a

ny would press at the summer members. NATO commitment to admit new members. developing NATO, also give a perspective to

the East European states who will join the EC in the future," Mr. Ruhe said. He spoke after a meeting with Foreign Minister Krzystof Skuhiszewski of Poland.

Mr. Skubiszewski said Warsaw expected NATO to give the same kied of commitment to eventual membership that the European Community recently extended to East European nations, particularly Poland, Hungary and the Czech and Slovak republics.

"In our opinion, we are already ripe, given our economic growth and the stability of our foreign policy," he said. "But we know the whole operation must be taken in steps."

Washingtoo remains cool to the prospect of NATO membership for East European nations. Secretary of State Warren M. Christopher said earlier this summer that membership for them was oot on the immediate agenda and that effort should be devoted to

months before a January summit meeting ation Council, a forum created in 1991 to of Europe's own military capabilities called to chart the alliance's future. bring together NATO and the countries of through the Western European Union, His stance drew support in Bonn, where Eastern Europe and the former. Soviet which groups nine EC countries. "Public

One U.S. official in Brussels acknowl-"It is important that we, in reforming and had "given a lot of momentum" to early said. membership for East European nations, hut he said Washington and most of its NATO allies remained cautious.

"They all know that behind the scenes in

#### opinion in the United States will not be indifferent to what it perceives as the failure edged that Mr. Yeltsin's recent statement of Europe to defend its own interests," he

That view was echoed by Jacques Delors, the president of the EC Commission.

pean defense structure allowing the Europe-Russia there are different views on this," this an Community to act as a single political official said.

# Russia Warns Iran on Azerbaijan

Compiled by Our Staff From Dispatches

day to refrain from shows of force along its

and

"We have made clear that certain actions He called on Tehran, which has reinforced from the Iranian side, whatever their rea- troop strength in the border region, to show sons, will meet with neither understanding "restraint."

The WEU must become a veritable Euro-Mr. Wörner also called for a strengthening Alliance," Mr. Delors said.

nor support from Russia," a Foreign Minis-MOSCOW — Russia warned Iran on Fri-ay to refrain from shows of force along its The fact that framian troops have crossed

Continued from Page 1

mats say that in many of the outly-

border with Azerbaijan and said Iranian the Azerbaijani border contributes not only troop incursions into Azerbaijan risked to an escalation of the conflict" with Armsspreading the conflict in the region to other nia "but pushes it to dangerous limits of internationalization," Mr. Karasin said.

(AFP. AP)

For many in Haiti, religion.

AMERICAN TOPICS

#### **Black Lawyer Defends** Texas Klan Leader

The grand dragon of the Texas Knights of the Ku Klux Klan, Michael Lowe, who is fighting state demands that he surrender his membership lists, is being dofended by a black attorney for the American Civil Liberties Union, Anthony P. Griffin, The New York Times reports. Although Mr. Lowe, a Waco

carpenter, told a Klan rally last year that America should "put the Negroes back in the cotton fields," he said he never discounted Mr. Griffin's legal abili-

"I'm a segregationist, but I'm not a white supremacist," he bise.

The defense attorney, Mr. Griffin, is charging no lee. He also serves as chief counsel to the Texas branch of the National Association for the Advance-ment of Colored People. Some of Mr. Griffin's NAACP colleagues were outraged when they found out that he was representing the Klan and demanded that he resign. He refused, and now the NAACP's national leadership is whether Christian or Vandou, has considering whether to expel

"The Klan says some vile and

Sioce its founding in the 1920s, the 300,000-member ACLU has often represented unpopular people and causes. In 1977, it defended the right of American Nazis to march in Skokie, a Jewish suburb of Chicago, and lost thousands of members In 1987; it defended the right of the Palestine Liberation Organization to maintain an information office in Washington.

eral Centers for Disease Control, citing information from the Pan



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ANY REWARD? — In a parody of the practice of printing the images and descriptions of missing children on milk cartons, engineers at NASA's Jet Propulsion Laboratory in Pasadena, California, tried to soften the loss of the Mars probe.

als as well. The handicap of the 4.

million golfers who regularly re-port their scores to the U.S. Golf

Association has remained steady at 16.2 since 1980. For the pros.

the lowest season average has

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parent trend. Eli Callaway, American Health Organization. whose clubs lead the industry They said the last case occurred with nearly \$200 million in annuin Peru in 1991. If no new cases al sales, said. "We say our clubs are designed to bring greater satare reported in the coming year, and if rates of vaccination reisfaction. Bot we do not say it main high, the Pan American will lower your handicap." Or as Health Organization will certify that the disease has been eradi-The Washington Post headline put it, "It Don't Mean a Thing it cated from the hemisphere, the You Ain't Got That Swing." officials said. Only one disease, smallpox, has ever been declared

eradicated worldwide, the last A Los Angeles carpet clean company ran an ad for "Carpet Steam Cleaning — \$15 per Room." It went on to say, of cases continue to be reported When we say \$15 per room, we mean \$115 per room!" The Los Angeles Times commented that this was "a typo that makes it Although the average golfer's spending on new clubs jumped markedly in the in the late 1980s sound as though the company will really take you to the cleaners.' before subsiding, golf scores re-mained unchanged - for ordi-nary golfers and for profession-

With the National Football Lengue senson just starting up. radio station KFAN in Minneapolis promises "impartial, unbiased coverage of the Vikings and their pitiful, pathetic oppo- J. gents.

Arthur Higbee



SOMALIA: UN Defends Helicopter Attack on Crowd HAITI: Religion and Politics Meet

#### **Continued from Page 1**

CNN Somali staff members were wounded. The intracian battle repeated

mortar attacks on UN bases and several reported incidents of snip-ing and grenade-throwing at UN troops made it a particularly violent day in the capital.

A UN military spokesman re-ported Friday night that Somali guerrillas had fired more than two dozen mortar rounds and rocket grenades at UN hases and the city's international airport. There were no reports of UN or American casualties in the clashes on Friday.

The number of Somalis killed and wounded in the U.S. helicopter attack on Thursday was still difficult to determine Friday, U.S. military officials estimated at a private briefing that at least 60 including Somali militiamen, but also women and children - had been killed as UN troops backed by U.S. helicopters battled General Aidid's guerrillas. The guerrillas had ambushed the peacekeepers as they were trying to clear barricades oo an industrial highway called 21

all of the women and children who

close-quarters urban combat.

the U.S. Army's clite Ranger unit,

and the Delta force here, were

Klan fascist organization."

members of the die-hard Ku Klux

Officially, U.S. military officials were actively engaged in shooting refuse to give casualty figures but or throwing grenades, at UN say casualties were likely to be high troops. Colonel Mike Dallas, commandbecause tanks and helicopters were

er of the U.S. "quick reaction force," who was in the air over the firing heavy caliber weapons in site at the time of the attack, said, General Aidid's Somali National Alliance asserted that 150 Somalis "I believe the people we engaged on had been killed and 300 wounded. the ground were armed combatants

An statement by the group called and militia-persons." the U.S. helicopter assault "a mas-sacre," and said that "knowledge-"I saw women interspersed with militiamen throughout the entire able sources" had confirmed that engagement," he said.

Major Stockwell, the UN man rights violations. "There are spokesman, said: "Everyone on the plenty of people on the borderline ground at that particular point was a combatant, whether they carried On top of nature's hardships this

An Aidid spokesman, Hussein Dhimbil, said that most of the Soan arm or not. We view all of the region's reputation for determined political conflict, dating from a wave of demonstrations that forced participants as combatants." And the commander of Pakistani mali dead were civilians and added. troops in Somalia, Brigadier Gen-

"We ask the world to stop the fightout the dictator Jean-Claude Duvaeral Ikram Ul Hasan, said that ing." Two hospitals in Mogadishu lier in 1986, has made it the scene women and children had begun to of constant political violence and swarm around his soldiers as they were filled with more than 100 Somilitary repression since Father Aristide's overthrow. malis wounded from the violence tried to clear Somali harricades off a notoriously dangerous stretch of on Thursday, many of them women and children. Most of the wounded highway. He said that his troops said they had not been involved in had first tried to disperse them with the attacks on UN forces. The American and UN officials who defended the attack described crowd. "The women and children

ed of supporting Father Aristide's return, and nightly raids by army auxiliaries have emptied entire vilwould throw stones, some would

ing villages where crops have failed become one of the last refuge As one young woman said, while telling of her vision during the reinternational salictions have weakened an already rudimentary economy, many lives are in peril cent ceremonies of the president's "Children are going to bed for restoration: "When Aristide two or three days without food," comes if God is willing, all of this said Charles Joseph, head of the Gonaïves office of the internation-

will change." ■ U.S. Trains Bodyguards al observer mission set up by the United Nations and Organization The United States is training scores of Haitians to serve as bodyof American States to monitor huguards to Father Aristide, The Associated Press reported from Port-

au-Prince The announcement came Thursday. a day after the police failed to stop the shootings, knifings and beatings of Aristide supporters outside City Hall. Mayor Erans Paul said 5 people had been killed and 31 wounded in the attack, which took place as he reclaimed the of-

fice taken from him during the UN observers say that the walls 1991 military coup. From 40 to 60 Haitians are being of police stations are plastered with wanted notices for people suspecttrained by U.S. experts to protect Father Aristide on his return, Stanley Schrager, a U.S. Embassy spokesman, said. The training is

Short Takes There have been no known cases of polio in the Western Hemisphere in the last two years, according to officials of the fed-

vicious and nasty and ugly things," Mr. Griffin, 38, said. "O.K., it's hard for me to say this, but the Klan has a right to say them." cases having been reported in 1977 in Somalia. While polio is in retreat worldwide, thousands in the former Soviet Union, China, Vietnam and India.

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Saturday-Sunday September 11-12, 1993

ed the sale in a most wonderful

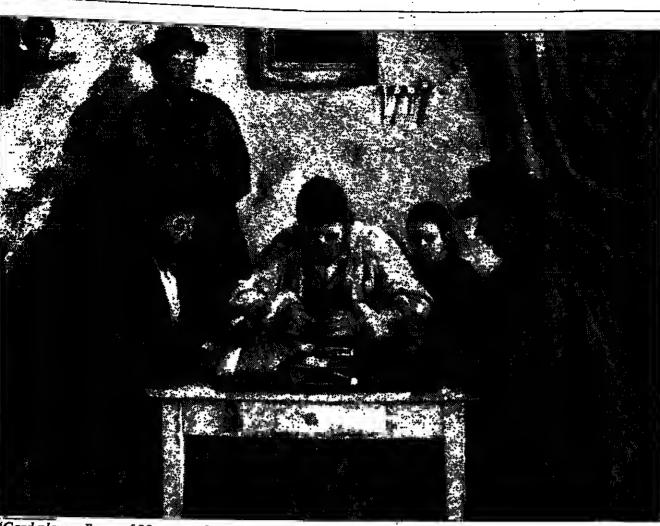
rushing bidders as could have been done three decades ago.

One good sale says little. What does say a lot, added to that, is the

success of two downmarket sales

this week. On Wednesday, at Chris-

Page 7



'Card-players," one of 20 outstanding paintings by Cézanne in the Barnes collection.

# **Barnes Collection Comes Home**

#### By Michael Gibson International Herald Tribune

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ARIS - The famous Barnes collectioo has finally reached Europe, after several months at the National Gallery in Washington.

Although the exhibition, at the Musée d'Orsay through Jan. 2. includes only 72 of the 2,000 works assembled by the brilliant and idiosyncratic Dr. Albert C. Barnes in the first half of this century, these are outstanding examples of 20th-century European paintings. The exhibi-tion will travel to the Museum of Western Art in Tokvo, Jan. 21 through April 7.

Barnes's will stipulated that the works housed in the Barnes Foundation in Philadelphia could be neither loaned to other institutions nor photographed in color and, while these provisions have been overturned by the courts, it appears most unlikely that any of these paintings will again be seen outside the foundation building in the foresceable future. In this instance, faced with the need to re-

store the building sheltering the works and, conceivably, pressured by the gunboats of the "democratization of art," the foundation decided to allow some of the paintings to be exhibited elsewhere.

The decision has inevitably prompted con-troversy. On the day the exhibition opened at ats of the foundatio

from medical school when he was only 20 and, two years later, moved to Berlin to study climical medicine and experimental physiology. Returning to the United States, he spent six months studying psychopathology in a mental institution in Warren Pennsylvania. Toward the end of the century, the pharma-ceutical company that had hired him as director

of sales and advertising sent him to Heidelberg to study pharmacology. At his own initiative, he also took philosophy.

Shortly thereafter he and the German chemist Herman Hille invented a substance that turned out to be effective against eye inflammation, and called it Argyrol. This was the source of Barnes' considerable fortune.

His factory became a focus of pioneering social experiments. He reduced work to six hours a day, created study groups for his workers and, being particularly concerned with cre-ating educational opportonities for black Americans, he encouraged black and white employees to reflect together on the writings of Henry James, Bertrand Russell and John Dew-

Affluence also allowed Barnes to indulge his far-reaching iotellectual interests. He was among the first to defend the ideas of Sigmond Freud in America. In time he became fast friends with John Dewey, who later declared he had never met anyone who equaled Barnes in sheer brain power.

In 1912 Barnes, wh at painting, began taking an active interest in collecting. He sent ans old school friend, the painter William Glackens, to Paris to buy modern paintings. Glackens met Leo and Gertrude Stein, as did Barnes, who followed him a few months later. They introduced him to the finest artists of the day. Barnes, with his insatiable intellectual curiosity, bent his keen mind to understanding what art was about. He applied his knowledge of Freudian psychology to the creative act and, while some of the key factors escaped him, he published various essays including his 1925 "Art of Painting" which Alfred Barr Jr. called "an important book."

Barnes, who considered Renoir the greatest painter of his day, bought at least 175 of his works, 17 of which are on view at Orsay. These include some charming items: a large Renoir family portrait, a delicious portrait of Jeanne Durand-Ruel as a little girl, as well as a number of nucles typical of that artist's easy-going sen-

suality. Cézanne is represented by 20 outstanding paintings, including some admirable still-lifes and a monumental version of the famous "Card-players," whose modest participants appear to have been transfigured and transported into eternity. Van Gogh's endearing portrait of his postman friend Joseph-Etienne Roulin is coupled with a highly significant but repulsively brutal nude.

EURATS large composition enoted "Poseuses" shows three studio-models posing in front of his "Grande Jatte," and Tomouse-Lautrec's sensitive portrayal of his favorite model, Carmen Gaudin. casts her, this one time, as a weary young prostitute.

**Oldenburg Resigns as MOMA Director** Barnes bought several major paintings by Henri Rousseau, three of which are on view. They include a marvelously dreamlike scene in which an Arab on horseback is seen driving off a voracious tiger that is attacking his fallen comrade. The horse looks like some strange steed conceived for a Steven Spielberg movie.

# **At Auctions: What Recession?**

ONDON — The first shots of the opening art auction season were being fired this week. The outcome is astonishing. It is as if there had been no recession.

The big sale was held at Phillips on Wednesday where the subject was European Pottery and Porcelain (with a small contingent of glass) ranging from English delftware to porcelain from famous manufac-

#### SOUREN MELIKIAN

tures — Derby, Meissen, Vienna. The rare and exquisite appeared in small doses, the pleasant run-of-themill was abundant - not least one sensational discovery of the kind that takes place once in a decade helped concentrate attention.

The story as told by John Sandon, Phillips' leading expert in ce-ramics, is delightfully simple. Sandon had gone off to Wales to make a selection for Wednesday's sale out of 1,000 pieces from an estate. They had been gathered over a couple of decades by a man whose profession Sandon will not reveal and who took up dealing as a hob-by. Was he highly knowledgeable? "He had a very keen eye for the unusual," Sandon says.

As he went through it all, the expert's eye was caught by a vessel that looks as if it had been made from leaves molded in clay under a pretty glaze known as "Littler's blue," with gilt patterns added in a second firing. Sandon instantly rec-ognized the shape, well known in Longton Hall porcelain in the 1750s. The gilding, on the other hand, reminded him of the porcelain made in the Scottish manufacture of West Pans. But this was salt-glazed stoneware, oot porce-lain. The object fitted oowhere. At this point, Sandon showed the

mystery vessel to Bernard Watney, president of the English Ceram ic Circle, who wrote the reference book on Longton Hall porcelain. Watney remembered related hlue stoneware pieces, albeit not so fine. which had been sold at Christie's in October 1970. These came from the Duke of Buccleuch and Queensberry whose house at Dalkeith is only 10 miles away from West Pans.

Things began to fall in place. Sandon knew that William Littler with his partner Aaroo Wedgwood had supplied blue-glazed stone-

ware to Thomas and John Wedg- have met with the approval of Piwood from 1749 to 1763. The style casso doing ceramic designs at Val- way, detached and courtcous, never was different from that of West lauris - and things could not have Pans. In 1770 Littler left for Scotgone better for English pottery. land to found the manufacture at Much the same is true of the Eng-West Pans. As Watney informed lish porcelain that followed. Two Sandon, recent excavations have bottles of the late 1750s from the revealed that he produced blue-Bow manufacture in London, finer glazed stoneware as well as porcelain. Sandon realized that he had stumhled upon the only surviving

piece of hlue-glazed stoneware from that period decorated with the gilt patterns otherwise reserved for porcelain. A wave of excitement ran through the world of specialists, museums included. On

in shape than most I have seen and painted with sprays in the restrained

tie's South Kensington, precisely at the time when Phillips was holding its sale, James Collingridge was English style, were a marvelous buy at £3,320. Later, a pair of Royal conducting a sale of furniture best Crown Derby ewers decorated by defined as the last rung in the lad-Desire Leroy, that every dealer and der before you get down to junk. collector wanted, climbed to £8,050. The homey pieces ranged from Dated 1897, they reflect the high pleasing unpretentious 18th- to mid-19th century furniture, rarely point of kitsch in ornate porcelain of in mint condition, to Edwardian revivalism and downright modern copies. More than 82 percent of the



A West Pans bowl that started at £300 brought £3,780.

Wednesday the object climbed to the period. But, Brian Haughton, £3,780 (about \$5,820), very far the well-known London porcelain above the conservative £300 to dealer who underbid them, says they £500 estimate. are of extraordinary rarity in that

The room was overexcited by condidon. then. The oext two outstanding rar-What makes Wednesday's sale a ides went through the roof. A teatrue market success, however, is not so much the brilliant sale of the pot in so-called Whieldon ware molded on two opposite sides with the portraits of George III and gems everybody was after. It is the easy and highly successful sale of any piece that was at all worth Queen Charlotte, probably to comlooking at. A Caughley cahbage leaf jug, with a molded mask on the underside of the pouring lip, exquimemorate their accession to the throne in 1760, shot up to £4,140. The delicate glazing with alternate bands of almond green and ochre and its mint condition despite its sitely colored hut not rare, made brittleness helped. But a more se-vere Staffordshire teapot with Chinoiserie patterns under a chocolate glaze nearly multiplied its estimate fourfold at £3,335, despite massive cended to £207.

restoration to the cover. Add the generous £12,650 paid for a Charles II period charger with

£322. A Derby plate painted with flowers in the manner of William Billingsley, unusual with its gar-land forming a five-pointed star pattern but not earthshaking, as-There was hardly any lapse of

interest at any point. Countless commission bids had been left with ochre pomegranates and green and Jo Marshall, one of the depart-blue leaves — in a style that would ment's three experts who conduct-

Western chentele. In other words, by collectors with modest means, worst hit hy the economie difficulties of the moment. But it all sold. The earlier pieces were well-received, from the 18th-century incense burner (£902) or the small circular box and cover of the same period (£220) to the large moon flask (£935) of the Jiaqing period (1796-1821).

West in the Meiji era were as much in favor, which is more surprising. In a typical sequence, three late 19thcentury dishes went for £550, £275 and £418. In the end, over 80 percent of the lots were sold. Failure stemmed mostly from excessive damage or lack of any age. In both Christie's South Ken-

sington sales, the anctiooeers were experts in their fields who knew what is what and who was who. Like the John Sandon-Jo Marshall team at Phillips, they are auctionbouse hands of the old school who do not believe in playing around with estimates nor in forcing the 1919 N

Part 200 - 10 - 10 - 10 - 10 - 10

N Thursday, the scene at Christie's South Kensington switched to the Far East. Very different in its makeup, it was not an easy sale either, on the face of it. It started with a large contingent of cloisonne enamels of the kind sought after essentially by the The late Japanese enamels pro-duced en masse for export to the

held a press conference in Paris. Travel, they claimed, is dangerous for certain works and the prolonged absence of so many of them jeopardizes the educational program conceived by Barnes

The public can hardly complain, however. The importance of this show hinges upon the exceptional quality of the works presented, and upon the conclusions we are led to draw from the life and accomplishments of Barnes himself.

Albert C. Barnes (1872-1951) was born in Kensington, a working-class district of Philadelphia, where his father was a butcher. An exceptionally brilliant youth, Barnes graduated

Picasso, Modigliani and Matisse are three of the remaining major figures who are signifi-cantly represented in this exhibition, each one by works of exceptional quality. Matisse's "Bonheur de vivre," which Leo Stein found disconcerting when he first saw it in 1906, can still seem strange today. It is, in a sense, a manifesto in the shape of a painting and, as such, it stands beside Picasso's "Demoiselles d'Avignon" as a key painting of this century. All these paintings are presented not in the temporary exhibition space hut, exceptionally.

BOOKS

in the main part of the Orsay Museum, occasionally mingled with other works by the same artists belonging to the Orsay collection.

impressions instead of ideas and

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double its size, increased both the museum's endowment and its attendance and helped organize several hlockbuster exhibitions.

nator culture hnt also a lowest-

For the most part O'Neill keeps

common-denominator polioes.

is scarcely an original observation, his opinions to himself, preferring

The resignation of Oldenburg, 59, apparently came as a surprise to some members of the museum's board. Since early this year, the museum has been considering a reorganization of its administration. Last January, it announced its intention to hire a paid president, to involved in the institution's further

PARIS

L N rector of the Museum of Modern Art for the last 21 years, has resigned, effective June 30. During his tenure, Olden-hurg oversaw the expansion of the museum building to more than double its circuit

scum's director emeritus and serve "This wasn't an easy decision to make, but I think it's for the best." as an honorary member of the insti-Oldenhurg said in a telephone in-terview. "As the museum aptution's board of trustees.

bidder to climb higher than he plans to. There is more than coincidence in the high scores that all achieved in sales differing in quahty and price range. This probably sets the tone of the opening season.



THE ROAR OF THE CROWD: How Television and People Power Are Changing the World By Michael J. O'Neill. 228

puges. S21. Times Books.

Reviewed by Jonathan Yardley

C TUDENTS of political and cul-I tural events will find little new in this once-over-lightly survey of how the world has been changed by communications in general and television in particular.

Michael J. O'Neill, former editor of the New York Daily News, has written what amounts in a synthesis of the most important knowledge and opinion on the subject; the result is that those in the know are likely to regard "The Roar of the Crowd" as little more than a primer.

But because he paints his portrait with broad strokes and presents information lucidly, O'Neill's primer will be of great use to many lay readers who would like to get a handle on the communications revolution but have been scared off by the jargon-infested prose with which so much of its literature is infested. with every other.

And the second second second

"An astonishing surge in new commonications techoology," O'Neill writes, "has for the first time in history put nearly all the earth's peoples in continuous, emotional contact with one another.

Radio, television, computers, and satellites flood the world with images and information, expanding the universe of daily experience, accelerating the tempos of life to nervous limits, and compressing nations into ever closer, more de-

pendent, and tensor relationships." In O'Neill's analysis this revolution has six clear aspects: An explosion of knowledge has reached the masses, hreaking "the monopoly of the world's literate classes;" societies shaped by mass media are com-ing to dominate the world; what O'Neill calls "people power" is becoming near-universal; leadership is becoming responsive to media demands, with telegeneity becom-ing more important than ability; media-dominated politics have led to a style of governing more reactive than reflective, controlled by emotive public opinion manipulat ed by the media; the old world order has been thrown into chaos as television puts every nation and its people in immediate contact

once-powerless are acquiring pow- forming all of life into moving im- merely a lowest-common-denomiages and sensory stimuli. It creates The clear fact is that the masses emotions instead of thought." This that until recently were led, and manipulated, by the clite are now but O'Neill places it in proper con-text, emphasizing the ways in but he is worried about the future in a position, thanks to television, to form opinions about events afwhich a society dominated by the of a world in which pictures count

fecting their lives and in demand that those opinions be respected: "The poor . . . see in the living magery of the screen what is possible as well as what is wrong in their lives. They learn from the experiences of others that human misery

is not necessarily a mandate of fate, redcemable only in a later life, but something that one might be able to overcome in the present world." What we have as a result is the

"revolucion of rising expectations" of which Adlai Stevenson spoke four decades ago, though he cannot have imagined either the causes that would produce it or the effects it would have. The collapse of the elite turns out to be a decidedly mixed hlessing. If on the one hand it has brought a welcome democratization to public affairs, on the other it has led to special-interest politics and paralysis of leadership.

"Televisioo uniquely sweeps knowledge across the barriers of



AUCTION SALES

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provenance.



as proof that peace with the beasts on the other side is not possible.

reflexive. Incredibly, Israclis and Pal-estimians have established a founda-

tion for working together to over-come the uphcaval sure to follow the

signing orremonics in Tunis, Jerusa-lem and Washington. The initial actions of Mr. Rabin,

Foreign Minister Shimon Peres and

Mr. Arafat, the main architects of

But that view is too narrow and

# O P I N I O N

WASHINGTON - Words, words, words. That is all we have from the Israelis and Palestin-

ians as they wrap up the first, declar-

atory phase of their promised peace.

But what fine words they are. They

offer authentic hope that the long

war between these two old enemies

This is not to overestimate the im-

mediate effect of Yasser Arafat's let-

ter to Yitzhak Rabin, giving in on every important point the Israeli

prime minister sought, or of Mr. Ra-

bin's simple one-sentence recognition of the Palestine Liberation Organiza-

tion as a legitimate player in the peace talks. History suggests that broad declarations promising peace over the borizon do not bring quick

Think back to Henry Kissinger's

"peace is at hand" in Vietnam in 1972, and earlier to Charles de Gaulle's bold offer of a "peace of the brave" with

Algeria's revolutionaries while

France's last colonial war escalated,

The greatest death toll in Algeria, and in many other cases, came while peace

talks were under way. It may be the tragic case that Palestinians and Israe-

lis still have a lot of dying to do while

their leaders negotiate. Hard-line critics of the accord in Israel and within the Palestinian

movement will cite any new bloodshed

The Risks Will Not End

But the Opening Will

change on the battlefield.

can be ended

# Herald Tribune

# **To Honor This New Peace**

### Generous Aid Is Vital

Yasser Arafat urges Palestinians to reject violence and work for reconstruction, development, cooperation and "the normalization of life." The Palestine Liberation Organization renounces armed struggle and recognizes Israel's right to exist "in peace and security." Israel recognizes the PLO "as the representative of the Palestinian people."

Yes, you are reading these words in the newspaper. The Middle East, biblical land of miracles, has spawned these modern-day astonishments that almost defy belief.

That is not all. Having recognized each oth-er, Israeli and PLO officials will sign an agreement Monday in Washington on the first stages of Israeli military withdrawal and Palestinian self-rule in the Gaza Strip and West Bank.

The world is entitled to some skepticism. But the most constructive contribution Americans and others can make would be to quickly mobilize the moral and material support needed to translate these agreements into a lasting peace.

Credit is due to two aging combatants: the former general Yitzhak Rabin and the former terrorist Yasser Arafat. There is no moral equivalency to their pasts. But there is a mutually recognized symmetry in their present accomplishment. Prime Minister Rabin takes a wise and brave gamble that he can better protect Israel's security, democracy and values by a responsible political compromise than he could by indefinite occupation of Palestinian lands, Mr. Arafat, the PLO chairman, risks his

### Ahead, Heavy Lifting

Startling change around the world in recent years has compelled a wholesale revision in thinking about what is possible and what is not, Sull, an awful lot of people are bound to find it impossible to imagine that Israel and the PLO are coming to terms. Their feud was a consensus choice for the last to come to settlement, So bloody and bitter, so historical, so "cultural" was it generally deemed to be that even when the United States drew Israelis and Palestinians into talks two years ago, few believed agreement was within reach. Yet these inveterate foes, after protracted secret negotiations, now agree on mutual recognition and are about to apply Palestinian selfrule and Israeli withdrawal in Gaza and Jericho in the West Bank. Thoughts of deepening

and broadening these measures are stirring. For the diplomats, much heavy lifting lies ahead. Look how far the conditional "mutual recognition" just agreed upon is from what people elsewhere would mean by that term: The PLO agrees to recognize Israel's right to exist, while Israel agrees to recognize the PLO as representative of the Palestinian people for maintaining the peace talks.

For the politicians, the work is no easier. They must protect their experiment in peace-

first major policy victory this week when it

passed his national service initiative. True, the

three-year, \$1.5 billion plan is small compared

prestige and his life by standing up to radicals who hold out for the same maximalist demands

he himself used to proclaim. That both protagonists are looking over their shoulders at political challengers and sense that their own time is running out does not diminish the historie nature of their agreement. When lifelong enemies embrace, and each ties his political future to the successful working out of a delicate compromise, peace has a rare chance.

the occupied territories, that chance is fragile. Irreconcilables on both sides are sure to challenge the emerging peace. How will Palestin-ian police in Gaza and Jericho respond to outbreaks of terrorism? How will the Rabin government react if Israeli hard-liners seize on terrorist provocations to demand the scrap-

ping of peace arrangements? Ordinary Palestinians are more likely to rally behind the agreement's territorial comises if they see material improvements in their daily lot. But a quarter-century of occupation, violence and neglect has run down infrastructure, bled capital and wasted potentially productive lives.

Israel and the PLO bave taken the vital first steps. Will the outside world protect their accomplishment with financial support for the rebuilding Mr. Arafat urges in place of violence? By assembling a generous and carefully targeted package of reconstruction and development aid, the world can bonor this welcome opening toward peace in the Middle East.

- THE NEW YORK TIMES.

making from the many citizens in both camps who have doubts, not to speak of those, especially on the Palestinian side, who bave guns. The geopolitical and local considerations that drew the parties out of hostility and into negotiation are far from guaranteeing practical success.

dorses and prepares to sustain the emerging new order. The Clinton team is being chided

Israel's security. How great is that risk? First, it may very well be that the outcome will not The parties and most observers had become accustomed to saying that only a vigorous American role would make Israeli-Palestinian be an independent state. Many Palestinians will privately talks work. Yet the breakthrough was made in admit that independence makes no sense, and that confederation with Jordan is by far the better choice. secret meetings of which the United States was not even aware. This may bruise some Americans' pride, but it cannot be cause for There are enormous economic beneofficial malingering. The American role was always conceived of, by its wisest advocates, fits to be gained by removing artificial barriers to communication, travel

as facilitator and safety net. In this context, and trade in the area. the United States has done, and still must do, But whether independent or not, any new Palestinian anthority in the plenty. In the Cold War and Gulf War, Washoccupied territories will have to be far less concerned with Israel's deington set the strategic stage. It set up the peace talks, which produced a back-burner initiative that would have been inconceivable struction than with its own survival. A new Palestinian administration without the front-burner stimulus. It now en-

on the West Bank would preside over an economy less than 2 percent the size of Israel's, with an output of for irrelevance and detachment by some of the about \$1 billion a year. people who usually argue that in these matters It would have no army worth the

Washington is too frontal and pushy. What name and no means of acquiring one, since all the money squeezed from reinctant Gulf states will be required counts is what happens on the ground. --- THE WASHINGTON POST.

for more urgent problems. And these will be legion, including dire needs in nearly every sector of society — basic services like education, health care and public transportation. Congress handed President Bill Clinton his irst major policy victory this week when it bassed his national service initiative. True, the The new leaders will have to build with tuition grants of about \$9,500 and subsis-

government institutions from the ground up. They will also have to keep the aid flowing, and assure con-tinned income from Palestinian workers in Israel. But aid and income will flow only if the new government

#### By Roger Harrison C OLORADO SPRINGS - Those opposed to the historic We have heard elear declarations of hostility from militant Palestinian agreement toward peace in the Mid-die East argue that it will lead within leaders like Georges Habash and Nayef Hawatmeh. Nor is it likely that

a few years to a Palestinian state and the militant group Hamas will quietly concede Fatah's preeminence. Suppose the radicals win the battle therefore to the fatal undermining of for control and the new Palestinian government evolves into a center for

terrorism. That would not be a happy outcome, but it is hard to see how this development would be a greater threat to Israel's existence than the situation now.

Among other things, a radical Palestinian state would be surrounded by nations with no interest in sup-porting it. Egypt, Jordan and even Syria (assuming an agreement is reached on the status of the Golan Heights) will all have a stake in peace. None would welcome the increase in power of radical interests that a militant state would portend. They would all have potent means of influencing the new Palestinian leaders. Nor would the Gulf states look favorably on such a development. So any move in a radical direction would mean estranging the Palestinian lead-ership from its main sources of political and economic support.

But what if the fundamentalist fever spreads throughout the Middle East, toppling moderate governments in Egypt and Jordan and the despotic but cambous leadership in Damascus? A danger surely, but not one Israeli occupation helps deter. The funda-mentalists and other radicals have used the occupation for decades as their chief rallying cry - their "lad-der to power," in King Hussein's phrase. Removing that ladder will

it is the president who is right to say take partition, and signers of the let-

The Challenge of All This Good News

T HE HAGUE - The roller-coaster ascents and L plunges through international scenery in the past few years have been dizzying. We are whipped from suphoria to distress and back. No wonder brows furrow

Israeli peace accord, it is important to take counsel from these experiences and understand the sober challenge of good news. Solutions are a beginning, a whole new set of headaches, even if they put an end to far more dangerous

threats and open heartening opportunities. In less than four years, barriers which seemed insu-perable have crumbled. Germany has been reunited. The countries of Eastern Europe are free. South Africa has rejected spartheid and is working ont a functional democracy. The Soviet Union and its Communist system have collapsed. The European Community has schieved its single market and is on the way to enlargement and, I do not doubt, firmer unity.

Already some Israelis are talking about a future Palestinian state and some joint responsibility for Jerusalem. The prospects have suddenly become quite good for Israel to reach peace accords with all its neighbors, a profound change in the geopolitical sina-tion of a vital region. The direction is set.

But disflusion and disappointment are inevitable if these dramatic changes are taken to mean no more trouble ahead. The wars in Yugoslavia and parts of the ex-Soviet Union demonstrate that people can always be counted on to get themselves into trouble somehow, and that despite the exhilarating surprises of recent years it always takes effort, choice and conscious will to get out of it.

But there must be a recognition of how much better the choices have become and of how much more reward-ing the efforts now required can be. Is it really easier to

bitterness blind Palestinians to their own best interests? To believe that this will happen one has to accept a caricature of the Palestinians,

With Israel and the Palestine Libsubmerged for years under a blanket eration Organization about to ac-knowledge each other as human beof radical pressure and hopelessness. Now it can make itself felt - another ings, the rest of us should recognize reason to be thankful.

ago. But there is a major difference. If he had accepted Camp David in 1978, Mr. Arafat would have been negotiating with an Israeli govern-ment determined to thwart any deal that would have required Israel to give up territory in the West Bank. The Palestinians now deal with a Labor-led coalition that has an open mind about what the future holds for the West Bank. Since word of the secret Oslo accord broke, Mr. Rabin.

rangements for Israeli settlers. need to be reassured about Israeli intentions to bring an end to the occupation begun by the 1967 war. But the Palestinians would be fool-ish if they joined Mr. Begin's succes-sors in the Likud coalition in thinking sors in the Likud coshition in thinking that Mr. Rabin and Mr. Peres, who were central architects of Iarael's 1967 triumph, have suddenly gone ga-ga and are recklessly gambling with Is-

Mideast Peace: Fine Words Backed by Solid Commitment raeli security on the basis of Mr. Ara-fat's promises. Mr. Rabin is playing the de Gaulle

card in using the politics of force to shape the environment for peace. Earlier decisions to deport 400 Palestinians and to bombard Lebanon for a week, attacked abroad at the time. renewed his government's credibility at key moments on the road to Oslo. The Likud and the PLO overesti-mate both the inevitability of a Pales-

tinian state springing up on the West Bank and the impact that develop-ment would have. Appearing on U.S. television the other night, a PLO offi-cial, Nabil Shaath, argued that founding a state would relieve Palestinian frustrations and remove the desire of Palestinians to commit violence against Israelis.

That seems as exaggerated as the Likud view that any kind of Palestinian state increases the means available for the murder of more Israelis. States are what people, their leaders, their economic resources and their neighbors make of them, not preordal instruments of love or violence.

It is not written in the stars that there will be a Palestinian state, or a Palestinian-Israeli peace. Everything is open. That is the magnificent accomplishment of this first phase of the Israeli-Palestinian peace effort. The Washington Post.

THE TRIB IND



By Jim Hoagland

to the accord.

#### By Flora Lewis

hold out grimly against the worst than to draw on resolve to make use of chances for better? I don't think so, if relief isn't foolishly transformed into indifference.

This has been a terrible, terrifying century, but there have been useful lessons. They are above all that the past cannot be undone but the future is not inevitable, it is constantly shaped by the present, sometimes in and people ask uncasily what is becoming of the world. Now, facing the extraordinary approach of an Arab-

The ravages of the past do not disappear with its conflicts. They have to be achingly cleared away, ruin by ruin, as the new work of construction is undertaken. This is painfully evident in the former Communist countries. Economically, environmentally, psychologi-cally the damage was much greater than was realized.

Just lifting old constraints does not make the world anew. There never was a golden age to recreate. There were better times and worse times, and although nature plays a part, it is mostly people's behavior that makes them so. That awareness must be the crux to moving on now.

Coming all at once in so many parts of the world, the tasks imposed by the opportunities look overwhelming, even depressing compared with the resources readily at hand. All these trouble spots need money, support, assurances to help launch new societies, to open new productive patterns.

After so much pain and misery in reaching the new thresholds, this is not the time to flinch. Ashes will not sprout roses overnight, but seeds are being sown and merit careful, energetic cultivation. The people directly involved bear the greatest burden — and the greatest risk, not by making peace but by failing to grasp for it. They deserve all the encouragement the rest of us can provide, with the understanding that there will be

setbacks but that nothing so great as the obstacles already overcome. They will be making peace and prosperity for all of us, too. O Florn Lewis

for peace are better now than they mothers who are as sick of suffering under the occupation as their Israeli occupiers are sick of imposing it. have ever been, and very likely better than they will ever be again. If the time is not right now, it will

That majority sentiment has been never be right, and who can happily contemplate that prospect?

The writer, who served as political counselor in Israel from 1985 to 1987.

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Mr. Peres and the key Israeli negotia-tor in the Washington talks, Ambas-sador Juanar Rabinovich, have been artfully vague on all topics, including

Jenusalem and future security ar-This refusal to gloat over Mr. Arafat's signing of a document of surrender is a promising sign. It sug-gests that the Israeli leadership understands that just as Israelis had to be reassured by the renunciation of terror and of the belligerent Pal-estinian covenant, the Palestinians

ment to working together that has not been shaken by the first challenges

Conventional wisdom holds that

the deal struck in secret in Oslo is

precisely the same one that Mr. Ara-fat could have had after the Camp

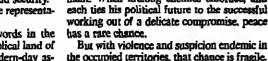
David accords of 1978. In a formal

sense that is true. The PLO chairman

has accepted the interim arrange-

ments for autonomy on the West

Bank and in Gaza that he and the rest



lay at the center of Mr. Clinton's claim to be a New Democrat" who would the government help to reciprocal obligations. Originally he promised to offer all Americans enough money to attend college if they performed public service for a few years in return. When the president got dowo to proposing a budget plan that would whack \$500 billion off the deficit, his grandiose promise quickly shriveled. But the

put them to good use. The fact that budget restraints have forced the program to start small may be a disguised

blessing. The administration can tightly supervise the program, make it work well and then prove to Congress that it warrants a big boost three years hence.

- THE NEW YORK TIMES.

# **Other Comment**

A Start on National Service

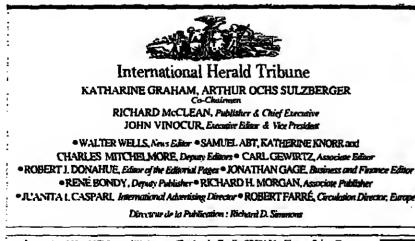
#### A Point of No Return

American lawmakers, pension directors, investors and corporate officials had better start now to dismantle the combersome apparatus of South Africa boycott, The African National Congress will soon ask those in the world community who have imposed sanctions to reverse course. Nelson Mandela says be ex-pects the ANC to ask for the lifting of sanctions very soon. Many observers expect that by the end of this month.

As early as the end of next month, South Africa will have a multiracial Transitional Executive Council that will have veto power over government actions and watchdog authority over all government activity, including security forces. For those who wondered it South Africa would ever really switch from white rule to one-person-one-vote, this is the point of no return and the reason for ending what's left of sanctions.

This transition in South Africa has one important feature in common with the end of the Cold War twhich helped to make it possible) and to the embryonic peace in the Middle East: It is the real thing, ending the old order. leaving the new up for grabs. Apartheid, as a legal system and government, is dead.

- The Baltimore Sun. Having given the younger generation every



International Herald Tribung, 18t Avenue Charles de Gaulle, 92521 Neuilly-au-Seine, France, Tel : (1146 37.93.00. Fax : Circulation, 46.37.06.51: Advertising, 46.37.52.12 Elier for Aux. Michael Richardson, 5 Contechury Rd, Sinepper (61). Tel : (65) 472-7768, Fax: (65) 274-2334 May. Dir. Asta, Rolf D. Kranepuhl, 50 Gloue ester Rd, Hong Kong, Tel. 861-6616, Fox: 861-3073 May. Dir. Asta, Rolf D. Kranepuhl, 50 Gloue ester Rd, Hong Kong, Tel. 861-6616, Fox: 861-3073 May. Dir. U.K. Garry, Thurne, 63 Long Acre, London WC2, Tel. (071) 836-4802. Fox: (071) 240-2254 Gra. Myr. Germany, W. Lanerisoch, Friedrichsz. 15, (6023 Frankfurdh Tel. (009) 72 67 55, Fax: (009) 72 73 10 Frys.U.S.: Machael Comm, 850 Thurd Are, New York, NY, 10022, Tel. (212) 752-3890. Fax: (212) 755-8785 5 A. aux starilla de 1.249,000 F. RCS Numeerre B 732021126. Commission Paritaire No. 61337 1:1945, Instrumined Hendel Tribune. All rights reserved. ISSN: (Duanot)

to the \$11 billion program he originally pro-posed. But it is a worthy start for a good idea. National service, along with welfare reform, governments and nonprofit institutions can keeps the peace There will also be immediate secu-

incentive to be militant, the ANC is now caught Bosnian Muslims, in a youth rebellion it cannot control. Nor, with the first multiracial election barely eight months away, is it inclined to soold and so risk alienating its more ardent supporters. More scriously, it is allowing the fantastic expectations of its supporters to get totally out of hand.

What today arouses in me most apprehension for the future in South Africa is not the failure standing people in literature, journal-ism, diplomacy and politics, who have studied and spoken on Bosnia with thought and consistency. On Bosnia, Mr. Clinton and his sides have the consistency on his to reach unanimity on the shape of the constitution, not even the ghastly cycle of violence in the townships, but the certainty that these expectations are bound to be disappointed.

This will lead to disillusionment among many blacks, with incalculable consequences.

- F. W. Deedes, writing in The Daily Telegraph (London).

#### A Show of Courage

The state of Israel and the PLO have taken historic step and concluded an era in the history of the Middle East.

Mutual recognition is posthimous confir-mation that President Sadat of Egypt, who was murdered in 1981, was right when, in-stead of indulging in procrastination and strong words, he showed courage.

That is what Yasser Arafat and Yitzhak Rabin are doing now. - Frankfurter Allgemeine Zeitung (Frankfurt),

rity problems to contend with - not from Israel but from radical Arabs.

cripple them, which is why they are determined to scuttle any agreement. And what, finally, if realpolitik does not work? What if batred and

that the overwhelming majority of

By A. M. Rosenthal

Palestinians are not radicals dreaming of Israel's destruction, but businessmen and workers and wives and

Any peace settlement in the Middie East involves risks, as Israel's foreign minister, Shimon Peres, has been the first to admit. But the conditions

retired in July after three years as U.S. ambassador to Jordan. He contributed this comment to The New York Times.

# Bosnia: After All the Empty Threats, It's Time to Accept Partition

ed. It was not the result of immutable historic forces but of the combined

catalytic catastrophic stupidity and arrogance of officials in Western Eu-

rope, the former Yugoslavia and the United States.

I have never been more separated

on an issue from so many colleagues,

friends and political kinsmen I re-spect. I discount all the sudden hot warriors, the journalists and politi-cians who had made a career of

hounding the armed forces they now

summon to action, who would have watched Saddam Hussein gobble ap

huge parts of the Middle East.

N EW YORK -- Here on the table is a recent open letter to President Bill Clinton urging the United States to lead a Western air war confusing the world. And yet I think against Serbia to save Bosnia and

ter wrong to ask him to continue and And here, in the newspaper, is Mr. Clinton telling the president of Bosexpand the war by attacking Scrbia. It is wrong because it is too late, because we cannot pick up the shards nia to make the best partition deal he after the bombing, because Western war against Serbia could spread war can with the Serbs and Croats because the United States will not be coming to the rescoe. The letter was signed by some outthrough and beyond the Balkans and probably destroy Boris Yeltsin, be-cause neither Europe nor the Ameri-

can people want it. Attacking Serbia will do nothing except make bloodier the end of a war that never should have taken

War II as a Resistance journal (its

title means "liberation"), but in

peacetime prospered as a commercial

Its staff had always been a mixture

of Yugoslav national groups, more or less accurately reflecting the makeup of Sarajevo's population itself, with Serbs, Croats, Muslims, Jews and

mixtures of various nationalities.

This remains true. The two of Oslo-

bodenje's people able to get to Stock-

holm and then Copenhagen to accept this award were its editor, Kemal

Kurspahic, a Muslim, and Goran Jo-

vanovic, head of the paper's new in-ternational edition, printed in Slove-nia, who carries a Croatian passport.

In the old Yugoslavia, the newspa-

per had opposed ethnic politics and defended liberal and secular state

values. When the siege of Sarajevo

began in April 1992 it continued pub-

lishing, and despite the extremely dif-

ficult circumstances, it has not

missed an issue since the war began.

Serbian small arms fire and then of

shelling, until it was mined. Howev-

Its building was an early object of

50th anniversary of publication.

aides have been consistent only in place, could have been prevented be-

At Oslobodenje, the Struggle Goes On

S TOCKHOLM - The Sarajevo newspaper Oslobodenje was giv-en an award last weekend by two **By William Pfaff** Scandinavian papers, Dagens Ny-heter of Stockholm and Politiken of and publishing operations were eventually moved there. Living quarters for the staff have also been impro-Copenhagen. The award consisted of money and newsprint, both needed vised there, since the newspaper is at by a paper whose story is one of the remarkable ones of Sarajevo's size. Before the Yugoslav war, Oslobo-denje was a large metropolitan deily. It had been founded during World

vised there, since the newspaper is at the edge of a battle line, and coming and going is dangerous. Several of the paper's employees have been killed by fire from the Serbian lines. Other Oslobodenje journalists have been killed outside Sarajevo, covering the war, and three are listed as missing. Sill, journalists have kept the paper publishing by a collective effort in which personal interests have largely here also doned newspaper. Last month it marked its have largely been abandoned. It is an edifying story, which is

unlikely to have a happy ending. Optimism is scarcely imaginable about the outcome of this war. Even if the currently suspended Geneva negotiations produce signatures on a plan for dividing Bosnia-Herzegovina, peace will not be installed because all sides will continue to struggle to improve their positions. There will also be still more "ethnic cleansing" - this time possibly under United Nations or NATO supervision -- to force all into the zones anthorized for their nationalities. Boania itself will indoubtedly re-main for a time a multiethnic state with liberal principles. This is what the war has been all about for the Bosman government. The staff of Oslobodenje have promised one another that they will stay together to fight for that outcome when Sanjevo's siege is lift-ed. But they acknowledge that liberal er, the building had a bomb shelter, ideas will face a rocky future. A radi-

calization of the Muslim community is taking place. The government's leader-

ship may not survive. Oslobodenje editors still want Western -- above all, U.S. -- military intervention, not because Bosnia's war has much chance now of being won, but because measured action against Bosnian Serbian forces and their headquarters could prevent the collapse of the Bosnian position and give Bosnia a better Geneva ontcome. As they note, every time outside intervention has seemed a serious pos-sibility, the Serbian and Croatian

Western powers have so often issued ultimatums and done nothing that the Bosnians feel abandoned.

The United Nations' guarantees for Sarajevo, its airspace interdiction, its proclamation of Muslim "safe areas," its promises to defend humanitarian supply convoys - none has been implemented.

Hence the outlook is bleak for Bosnia - and indeed for Serbia and Croatia as well, which will find that they have poisoned South Slav life for years to come. The only future that made sense

for the region was integration into the liberal and secular political society of the West. That is what Oslobodenje has fought for, against the odds. As Mr. Kurspahic said in Stockholm, there are some standards of civilization and some professional values that are worth the fight, even if you lose.

International Herald Tribune. C Los Angeles Times Syndicate.

I am talking about Americans and Europeans who stood always against fore it began or stopped after it startfascism, communism and terrorism, and now call for action against Serbia. So I keep examining for myself the reasons 1 do not agree, trying to make sure they still are valid.

Europe played into the hands of Slobodan Milosevic, the bloody-minded "ex"-Communist Serbian strutter, When Yugoslavia fell apart without Tito's boot to kick it in line, Germany led the West into early recognition of Slovenia and particularly of Croatia, Germany's World War II ally.

President Alija Izetbegovic of Bos-nia himself had warned that prema-

ma hunselt had warded that prema-ture recognition would explode the powder key of Serbs. Croats and Muslims living in Bosnia. It did. Fearful of remaining alone in union with Serbia, the Muslims of Bosnia, the largest of the groups but less than a majority, declared independence. Bos-tion Serbis and Construct to more the man Serbs and Croats went to war, empowered by Serbia and Croatia Even then the war could have been aborted. Almost a year and a half ago, Bosnian Muslims, Serbs and Croats

Bosnian Muslims, Serbs and Croats agreed to partition. But Bushbaker pushed for swift recognition of Bosnia, touting the Muslims off partition. Now Clinton has to tell the Muslims to take partition - perhaps on worse terms than

they could have had then. Please read the startling article about this by the irreplaceable David Binder in The New York Times of Aug. 29.

Later, Cyrus Vance and David Owen put together the only plan that would have given the Muslims the unitary state they wanted. Naturally, everybody spit in their eye. I would understand the bomb-

Serbia people better if there were the slightest chance that it would create what never existed — an indepen-dent Bosnia where Serbian and Croatian Christians would live in peace with Serbian and Croatian Muslims.

No — under partition the crimes against the Muslims will not be pun-isbed. But Muslims will have a home and, if the West protects it, they can

live in peace. Instead of more bombs, let's give more Bosnian Muslims the choice of

Arabs would have prevented a half-century of war by taking the Pal-Nations and accepted by the Israelis. Empty threats, says the open letter, have a perverse effect. True - as do empty promises. They can keep Bos-nia suffering, decade after decade — which is why I part company from so many kinsmen and colleagues.

The New York Times.

# IN OUR PAGES: 100, 75 AND 50 YEARS AGO

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### 1893: Lunacy and Genins

PARIS - In the course of Sunday night [Sept. 10] and yesterday four cases of mainess in the streets were brought to the notice of the police. One of these afflicted persons is a young man who has a mania for play-ing on the tin whistle. When he was told by the police that he must not make so much noise in the public streets he began to tear his clothes. Later on, when the Police Commissary interrogated him he would only reply by asking that august anthority if he would like to hear the opera "Guillaume Tell" played. He de-clared he knew the opera by heart from beginning to end.

#### 1918: Bomber Reports

FRENCH AVIATION OFFICIAL - During August our day bombers launched more than 269 tons of projectiles on objectives on the battlefield between the Somme and the Aisne. Our night bombers, attacking

the enemy's stations and the communication lines, launched 362 tons of projectiles. During the same month 280 aeroplanes were destroyed or were seen to fall damaged, 29 being brought down by our anti-aircraft guns, and 66 enemy . balloons were set on fire.

### 1943: A Joint Statement

York edition:] President Roosevelt and Prime Minister Churchill, in a joint statement made public at the "have very strong forces" and "are entering at many points" on the Italian mainland, it called upon the Italians to "march forward with your American and British friends in the great world movement toward freedom, justice and peace."

WASHINGTON -- From our New joint statement made public at the White House at midnight last night, appealed to the public of Italy to "take every chance you can" and strike hard in the "task of clearing the Italian soil from the German invad-ers." The statement said the Allies

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sides have made compromises. But by now the United Nations and the



# **Banks to Run Canary Wharf** In Rescue Plan

LEICA M6.

A MASTERPIECE

OF ART

Leica

By Richard W. Stevenson New York Times Service

LONDON — The administra-tors of Canary Wharf, the landmark London office-building com-

developer, Olympia & York Devel-opments Ltd., the real estate empire controlled by the Reichmann family of Canada The package calls for the group of 10 bank lenders to defer repayment

on the \$880 million owed to them until 2007. The banks will also put up the equivalent of \$237 million for further development of the project, and will pay to the government, over 25 years, \$465 million of the \$2.8 billion cost of a planned new sub-

way line to the complex. The plan amounts to a gamble primarily by the banks, but also by the project's other creditors and by the British government - that the complex of nine buildings in the Docklands, several miles east of London's financial district, can recapture the promise that surrounded it at its inception during the boom of the mid-1980s.

The plan rests on approval by 1,400 unsecured creditors, most of whom would receive no more than 15 cents for every dollar they are owed. They include many of the

project's construction companies. A spokesman for Ernst & Young, the accounting firm administering Canary Wharf's reorganihad been given the ontlines of what the deal would mean for them several months ago, and that the firm believed the creditors would be

Stephen Adamson, one of the three Ernst & Young executives ap-pointed as administrators of the project, said he did not believe the area. The British government banks would be willing to increase their offer to the unsecured creditors, which totals \$42 million. He sion of the Jubilee Line from t said that if the plan were not approved the only alternative would

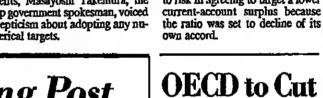
the funds contingent on Car

tantamount to managed trade.

Other officials of the foreign and was clear in rejecting targets far specific industrial sectors, as the U.S. desires, because that would be

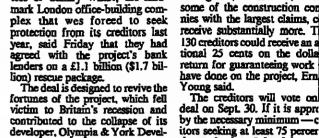
On Thursday, two of Japan's top zation, said the unsecured creditors businessmen urged the government to consider setting a numerical tar-

Economists said Tokyo had little supportive. to risk in agreeing to target a lower current-account surplus because the ratio was set to decline of its



get for cotting the surplus.

trade ministries have also reiterated their objections. Even Mr. Hata



receive substantially more. T 130 creditors could receive an a tional 25 cents on the dolla return for guaranteeing work have done on the project, Ern

Young said. The creditors will vote on deal on Sept. 30. If it is appre by the necessary minimum -c itors seeking at least 75 percer the total value of the claims — Canary Wharf prnject cc

While most of the creditors

receive between 10.6 cents and

cents per dollar of claims, Ern

Young said, 130 of them, inclu-

emerge from the reorganiza process by the end of October. The bank creditors are Lie Bank, Chemical Bank, Citib Barclays Bank, Canadian Imp Bank of Commerce, Royal Ban Canada, Crédit Lyonnais, Cr Suisse, Commerzbank AG

Kansallis-Osake-Pankki. The Reichmanns' stake in project was wiped out when it forced into the reorganization. I

deal goes through, it would leave banks as owners of the project. The complex, whose centerr is a 50-story office tower, Briti tallest, attracted a number of h profile clients, such as Mor Stanley. But its isolation from rest of London and the lack transportation put off many ] spective tenants. And when the

cession hit, demand for office st anywhere in London dried up. complex is currently about 40 cent occupied. Whether the banks ever get t

money back now depends lar, on how quickly demand for sp comes back. Britain has been h ing the rest of Europe out of recession, and some well-known vestors, including George So have been putting their money : London real estate again.

The project's chances will helped by the proposed deal's s port for the new subway line, wh will greatly improve access to previously agreed to provide m than \$2.6 billion to fund an extral London, but made release

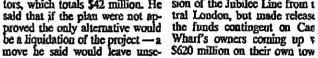
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New York Times Service

By Peter Passell

**Of Safety in Numbers** 

minister in the previous adminis-How Far Will Morning Post

EW YORK BRITH AND SHIELY FER cans about \$120 billion a year, and there is good reason to believe that the figure is rising rapidly. Is there anything wrong with that? Maybe not. A rich country can afford the luxury of investing heavily in reducing risk. But there is a near consensus among scientists that the spending priorities,

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public and private, are grotesquely distorted. Stephen Breyer, who is chief judge of the U.S. Court of Appeals for the First Circuit, has written a new book on the subject, "Breaking the Vicious Circle" (Harvard University Press). A lucid, nontechnical essay on risk regulation, it will intrigue pragmatists in search of a bigger bang for a regulator's buck, although it

may not convince those who America is spending have dedicated their careers to too much to regulate stamping out risks, ranging from against the wrong

aflatoxins to X-rays. Judge Brever is a former legal

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adviser to the Senate Justice things. Committee who converted sus-

picious liberals to the cause of airline deregulation. Alfred Kahn, a former Carter administration official who led that deregulation drive, remarks of the Breyer book: "The notion of tying shifts in resources to a specific commitment to saving more lives is brilliant.

Judge Breyer's arguments to support the notion are persuasive. He notes, for example, that panic over asbestos has led to a cleanup effort costing an estimated \$250 million per life saved — and may actually kill dozens of asbestos-removal workers.

actually kill dozens or asoestos-removal workers. Or consider abandoned toxic-waste sites. Most, it is widely agreed, pose little threat as long as people do not build day-care centers or graze cows on them. Yet the bill for restoring the sites to pristine condition may exceed \$100 billion. Meanwhile, a host of cost-effective health measurement from requiring home smaller

condition may exceed \$100 billion. Meanwhile, a host of cost-effective health measures, everything from requiring home smoke alarms to subsidizing early cancer detection, are anemically financed. Like others, Judge Breyer links this failure to a reinforcing circle of irrationality. The public is ill informed, easy prey to the disaster of the month. Congress reacts to public opinion with legislation that leaves little room for adjusting priorities within limited budgets or balancing costs against benefits. Regulators are locked into a perpetual better-safe-than-sorry mode, further distorting perspectives.

safe-than-sorry mode, further distorting perspectives. The standard prescription for saner risk regulation is a more knowledgeable public. But Judge Breyer is pessimistic about the

Sway in Beijing's Direction? By Kevin Murphy International Herald Tribune HONG KONG - The in-

triguing failure of Rupert Mur-doch's News Corp. to announce details of the sale of a controlling stake in the South China Morning Post drew the ire of Hong Kong's stock-market regulators and investors Friday.

But as the Morning Post has long been identified with the de-parting colonial establishment, e greater concern to many in Hong Kong remains the likely stance of a new owner toward China.

Analysis agree that no newspaper proprietor can afford to displease Beijing for commercial, if not political, reasons, which raises concerns about media selfcensorship well before Hong Kong's return to China in 1997. "Anyone who moves into this

market now has to think very carefully," said Margaret Ng, a lawyer and political commentator. "The marketplace is becoming much more competitive and

Stock-market rumors hald that the asking price for the stake in the Morning Post is at least \$500 million and that the buyer is the Malaysian-based Kuok family, which has extensive busi-ness interests in Southeast Asia. The stock market also believes a number of other groups may be

some from mainland China. Robert Kuok, who heads a

group that made its fortune in sugar and commodity trading ence public debate through the before expanding into shipping, real estate and hotels, is one of 91 people selected by Beijing to serve as edvisers on China-Hong Kong affairs.

The advisers group, which in-cludes many of the colony's richest executives, has campaigned against Governor Chris Patten

'Anyone who moves into this market now has to think very carefully.' Margaret Ng, lawyer and commentator

on his political agenda for Hong

Kong. "It would be a tremendous "It would be a tremendous change," said Ray Wong, princi-pal lecturer in journalism et Hong Kong's Baptist College, of the Morning Post's potential edi-torial shift toward Beijing. "I don't know what paper Mr. Pat-ter will be and inc in the future." The governor made a pointed

involved in the deal, including reference to press freedom soon after learning of the proposed change in ownership, reflecting his administration's increasing concern abont its ability to influ-

> The South China Morning Post is one of nnly two local newspapers that have yet to criticize Britain's willingness to clash with Beijing over political

"We are very concerned about whether the South China Morning Post remains independent or not," said Daisy Li, who heads the Hong Kong Journalists As-sociation. "It is the newspaper which is most likely to influence the international view of Hong Kong."

Kong." Shares in SCMP (Holdings) Ltd., publisher of the English-language South China Morning Post and Chinese-language Wah Kiu Yat Po, have been suspend-ed from trading since Sent 3 ed from trading since Sept. 3. when News Corp. announced that it had entered negotiations to sell its 50 percent stake to an midentified party. The stock exchange is doing

investors a disservice accepting such a lengthy suspension and no information," said Kirk Sweeney, research director at Lehman Brothers Asia Ltd.

The regulatory Securities and Futures Commission said Fri-See POST, Page 15

See SAFETY, Page 14	a number of other groups	s may be The	governor made a pointed	Sce I USI, Tage 15
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Forecasts cured creditors with nothing.

# **For Growth**

Compiled by Our Staff From Dispatches PARIS — The prospects for eco-nomic growth in Japan and Europe look gloomicr than they were just two months ago, the Organization for Economic Cooperation and Development said on Friday.

Kumi Shigehara, director of the OECD's economics department, said that the forecasts made in the organization's last economic out-look, published in July, may have to be revised downward.

"The American economy is go-ing more or less as we projected," he said at a news conference. "But unfortunately, in Europe and Ja-pan we may be now seeing some need for a downward revision."

The OECD in July projected a slightly negative growth rate for Europe this year, of minus 0.3 percent, followed by a modest pick-up, to 1.8 percent, in 1994. For Japan, OECD forecasters had cited rates of 1.0 percent growth this year and 3.3 percent next year. (Reuters, AFP)

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If you are interested please answer us within one week from the date of publication.

Frenktorr Londok (a) Atodriki (a) Atodriki (a) Atodriki (a) Hew York (b) Poris Tokre Toronis Zwich 1 ECU 1 SDR Closings in Amsterdom, London, New York, Toronto ( a. 15 bay one pound; B: To buy one dollar; "; Unit Other Dollar Values Currency Pers Anstrol 2000 (1901) Austrol 2010 Bradit cree 9/11 Dents trees 9/11 Chinese 9/00 2/701 Dents trees 443 Kavet penet 2/45 Kavet penet 2/45 For persta 2040 For persta Per 5 7.7375 94.33 21,33 2163.01 0.6165 2.7395 7 0.3011 2.5445 1.112 Curren N. Zoo Norva, Phil. p Polish Port. ( RUSL, South Sing. 1 S. Att. 28-4877 48-4877 7.5407 1.5370 1.4972 1.6141 1.4058 1.4077 99-day 1\_5336 1\_6189 1\_6291

Sources ING Bank (Ansterdam); Indesuer Bank (B Sources ING Bank of Tance Presse (Parts); Bank of Ta Milant) Asence France Presse (Parts); Bank of Ta (c) Asence France Presse (Par (c) Asence France Presse (Par (c), IMF (SDR). Other data trai

they don't know how the enviment will change."

ten will be reading in the future."

Ser. 16

# AARKET DIARY

# Low Inflation Spurs **Stocks and Bonds**

Dempiled by Our Staff From Dispatcher NEW YORK - Stocks bounded ws revived the bond market's raland drove interest rates lower. The Dow Jones industrial aver-

w York Stock Exchange. Vol-Israe on the Big Board was an active lsr5 million shares. tiv,Stocks took their cue from the

ad market, where interest rates nembled in response to an unexnictedly low inflation reading. The torvernment said prices at the tolesale level dropped 0.6 percent

er. August, the fourth straight meanthly decline in the Producer of ice Index,

scillond investors bid up the price of key 30-year Treasury issue, driv-Bu; its yield down to 5.88 percent icam 5.96 percent late Thursday. ly John H. Shaughnessy, director of necearch at Advest Inc., said: "It's a le same theme that has been driv-§ stocks for some time - the exforctation of lower interest rates. The ter'I number reinforced the thinking equit inflation is under control."

ali-Royal Dutch Petroleum, up 2% cor103%, led the list of active issues wit the Big Board in a second day of tecavy dividend-related trading. a National Semiconductor rose 14

# J.S. Economic <sup>4</sup>Weigh on the D thi

nol Bloomberg Business News fmNEW YORK — The dollar themped against the Deutsche ducer-p Flanagar bishi Bar 0.6 perce courk and most other currencies meiday after a sharp drop in U.S. drop in n coducer prices convinced inves-With in Federal J

#### Foreign Exchange bels that interest rates would re-

thein low for a long time. nesigns of slow growth in Japan tioped the dollar gain against the ruh, meanwhile, as traders bet that Japan's quarterly *tankan* survey che Bank of Japan would cut its 2.5 ancent discount rate to jump-start

I country's economy, ahabe dollar fell to 1.5918 DM, its recess level since June 2, before perovering to close at 1.5970 DM, Thwn from 1.6015 DM on Thursexis. The dollar rose to 106.035 year as m 105.35 yen.

mathe dollar also sank to 1.3915 iss francs from 1.4010 francs Th1 to 5.597 French francs from 375. The British pound stood at 5518, up from \$1.5495.

Although it is good for the econ-iy as a whole, low inflation often rts the dollar by keeping interest

es depressed. fir The dollar dropped against the The U.S. unit a rick under the weight of the pro- from 105.00 yea.

VORLD STOCK MARKETS

Pot France Presse Sept, 10 Close Prav.

New YORK — Stocks bounded ny reported carnings that were used Friday after good inflation much better than analysts expected. Other semiconductor stocks also gained after an industry indicator that compares new orders to shipto rose 32.14 points to close at 521.63. Advancing issues out-bealthy. Texas Instruments gained 1% to 78% and Advanced Micro Devices added % to 28%. In OTC trading, Intel tacked on % to 65%. Paramount Communications rose 32.14 points to close at ments suggested that demand is

rose 4% to 61%, building on Thurs-day's gains amid reports that the company is in talks to merge with Viacom Inc. through a stock swap, LTV fell 1/2 to 11 after the steel maker, which emerged from bank-ruptcy last June, filed to sell 20 NYSE Most Act million shares of common stock. General Motors Corp. climbed 4 to 464, Ford Motor Co. rose & to 53% and Chrysler Corp. gained 4 to 44%. Chrysler's chairman, RoyiO NtSemi Chrysir Chrysir Chrysir Baxter PersiC Gloco IBM Percom Chrobi Chroni AT&T AT&T

Robert Eaton, said Thursday that he doesn't expect protracted strikes by American and Canadian autoworkers. SmithKline Beecham lost 11/4 to 27¼ after two Food and Drug Administration panels declined to rule on the company's request for the over-the-counter use of its pre-scription ulcer drug, Tagamet. Banks continued to benefit from

expectations of strong third-quarter earnings. Citicorp gained ¼ to 35% ( and J.P. Morgan rose 1% to 79.)

EchoBoy 12703 10 RoyalO s 7820 4 Avedical s 7777 044 Pruiti, 7200 3744 EHSSCO 5440 279 Hillrav 4469 Hora Nators 1245 974 NacCo 3174 2275 Roadmas 3174 2775 Roadmas 3174 2775 Roadmas 3174 377 CH 3977 648 Peoglid 3977 648 Cont Co 2017 378 Charlos 2547 772 (AP, Knight-Ridder, Bloomberg)

Keports	17HC1 DIG 20H0 772 04	
	NYSE Diary	
ollar rice report," said Steve a, vice president at Mitsu-	Advanced Declined Unchonosed Total Issues New Hidris New Lows	Cles: 132.44
ak Ltd. Producer prices fell ant in August, the biggest more than two years.	Amex Diary	_
aflation under control, the	Advanced	Clas 31

be in a rush to raise its 3 percent Unchanged Total Issue New Highs New Lows discount rate. The German discount rate is 6.25 percent. NASDAQ Diary

Japan's quarterly tanken survey showed corporate managers were more pessimistic about business conditions in Japan than they were when the last survey was compiled in May. The poor report puts more

Signs that trade relations be-tween the U.S. and Japan are im-proving also helped the dollar gain against the yea, traders said, With trade relations brightening, Wash-ington will refrain from talking up

the yea, traders said. In London, the dollar closed at 1.5995 DM, down from 1.6015 DM. It also fell to 1.3978 Swiss francs from 1.4000, and to 5.620

French francs from 5.645 francs. The U.S. unit rose to 106.40 yea

Via Associated Press Sept. 1	) 		:-
The Dow	Dow Jones Averages	EUROPEAN FUTURES	
Dely closings of the Doy Jones Industrial Menge 346	Openn         High         Low         Close         Chron           Indus         -         3072-07         3383.46         3621.43.4         321.4           Trends         -         1042.51         1602.34         421.4         +7.35           Unit         -         256.13         252.82         256.64         +2.04           Comp         -         357.06         122.64         +10.02	Food	High Low Lest Settle Chiga
	Standard & Poor's Indexes	WHITE SUGAR (Monty) Delitars per metric han-lots of St tans Cot 172.52 248.16 270.55 172.06 + 4.30	Dec 144,00 139,50 140,55 140,55 - 2,80 Jon 140,35 141,40 142,40 - 2,75
	High Low Class Chine Industrials 51947 514.17 519-37 + 4.20 Transe. 372.67 384.29 572.42 + 1.42 UNUINA 184.25 185.74 184.35 + 2.33 Finance 44.34 + 0.5 57 500 441.86 451.47 44.32 + 4.22 57 100 464.27 42.12 45.27 + 4.22		Jun 140.00 158.00 158.00 158.00 -2.30
	許 翻 《 》 《 》 》 》 》 》 》 》 》 》 》 》 》 》 》 》 》	Est. scies 1.35. Prev. scies 1357. Dem Interest 2419. London Contributive Exceptionse except and Col- Ave prices were not available for this edition due to problems of the source.	BREINT CRUDE OIL (1997)           U.S. deflars mer barrurining of 140% barrenia           Oct         1407           Dec         1407           Join         1444           1419         1437           Jain         1442           Addr         1417           Jain         1442           Jain         1443           Jain         1442           Jain         1444           Jain         1444           Jain         1444           Jain         1444 <td< td=""></td<>
	High Low Close Cirge Composite		
	Composite – 2553 + 219 Industribuis – 30734 + 240 Transp. – 34276 + 124 Finance – 24276 + 124 Finance – 21158 + 227 Uniteries – 2553 + 227	Metais Close Previous Bid Ask Bid Ask	New         1429         1524         1401         1401         -0.23           Jen         1649         1637         1619         1620         -0.23           Jen         1644         1619         1625         1636         -0.23           Jen         1644         1619         1625         1636         -0.23           Anor         1627         1645         1645         1646         -0.24           Anor         1627         1648         1649         1637         -0.24           Anor         1627         1649         1638         1646         -0.17           Jen         17.05         17.04         17.15         17.06         -0.17           Jen         17.15         17.04         17.15         17.06         -0.17           Jen         17.15         17.04         17.15         17.06         -0.17           Jen         17.15         17.04         16.37         16.48         16.36         -0.17           Jen         17.15         17.04         16.37         16.48         -0.17         -0.17           Jen         17.15         17.04         16.37         16.49         -0.17         -0.17<
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NYSE Most Actives	Insurginaz - 92217 + 444 Unitries - 195524 + 439 Bonks - 67944 + 439 Transo 69433 + 935	NICKEL Dellars per metric ten	Est. volume: 11,859, Open Interest: 57,411,
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Chrystr 27389 4415 4376 4415 +1	High Low Close Chipe 456.07 452.98 456.06 + 2.48	Spot 455.00 4545.00 4570.00 4580.00 Forward 4605.00 4610.00 4620.00 4600.00 ZINC (Spectal Histo Grude)	
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AMEX Most Actives	Market Sales	3-MONTH STERLING (LIFFE) ISSNAM - #ts of 100 pct Sep 94.06 94.04 94.04 - 0.01 Dec 94.35 94.32 94.38 + 0.02	Sheel (billiets), ton         471.00         471.00           Sheel (billiets), ton         113.00         112.00           Tid, ib         113.55         1100           Zinc, ib         0.4325         0.4319
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InterOly 2540 742 644 644 - 44	Sept. 3 902874 1.182,433 21,451 *Included in the soles Reveau	Sep         94.77         94.77         94.75         9	INITIAL Columbia Healthcr Q .03 11-1 10-1 RESUMED
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Amex Diary	1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	Est, volume: 92634, Open Interest: 696,519, LONG 61LT (LIFPE) \$58,000 - Ms & 22nds of 100 pct	Alian Group Inc 2-for-1 Noti Commerce Bancerp - 3-for-2 NCI Buikling Sys - 3-for-2 Route Employee Com - 1 Jan 2
Clase Prev.		Sep 113-28 113-22 114-05 + 0-03 Dec 114-44 113-16 114-01 + 0-02 Mar N.T. N.T. 113-09 + 0-02 Est, volume: 41,001. Open interest: 90,029.	USUAL
Advanced 317 305 Declined 257 270	200 14 74 76 76 116 2 5 74 76 76 76 76 76 76 76 76 76 76 76 76 76	GERMAN GOVERNMENT BUND (LIFFE)	Alten Group 2 04 10-7 9-28 Arvin Indus Attornic Energy 2 45 10 9-20 BoncFirst Objo 2 49 9-28 9-21
Advanced         317         305           Declined         257         270           Unchanged         250         229           Total Issues         776         604           New Harts         32         19           New Laws         11         9	449 % % 12 2% 19 27% 27% 27% 455 % % % 7% 27% 27% 4 650 % % % 7% 27% 27% 4 Calitics India 4 % 7% 7% 27% 4 Calitics India 4 % 7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7	Dec 94.50 93.16 98.47 + 8.12 Mar 98.47 98.27 96.49 + 0.12 Est. volume: 66.822 Dawn Internet. La 944	Alteri Group         9         66         16-7         9-80           Arvin Indus         0         19         9-30         9-30           Attantic Energy         0         38'/s         10-18         9-30           SomeFirst Obio         0         40         9-28         9-21           Communich System         0         38'/s         10-18         9-20           Dew Obermicot         0         45'         10-27         9-30           First Inter-Bancorp         0         39'/s         10-8         9-30           General Host Corp         0         45'/s         10-4'/s         9-30           Ichor Power         0         45'/s         10-4'/s         9-30           Mathingstone Peal         0         15'/s         10-4'/s         9-30           Validingstone Peal         0         15'/s         10-4'/s         9-30
NASDAQ Diary	IN Duc 13 Duc 14 Dec 15 Dec 12 Dec 14 Duc 15	Industrials	Ganeral Host Corp G .09 ½ 10-8 9-24 Idaho Pawer G .46 ½ 11-19 10-25 Kaman Corp O .11 10-18 10-25 Phollect-Van Heusen G .03 24 1-3 1-3 1-3
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Advanced 1.678 1.465 Dectined 1.186 1.166 Unchanged 1.492 1.449 Total Issues 4.478 4.400	Collis: lotal vol. 50; total open hul. 7,875 Pails: lotal vol. 102; total usen hul. 7,875 Source: CBOE	U.S. dollors eer metric tos-loit of 100 tons Sep 139.75 154.00 154.25 Exp. — Oct 160.50 155.75 154.25 154.30 — 3.30	n-annoal; m-adailaty; e-suarterty; s-semi- annoal Source; UPL

# Wholesale Prices Drop 0.6% WASHINGTON (AP) — Wholesale prices fell again in August as plunging tobacco rates offset increases for natural gas, fruit and vegetables, the Labor Department said Friday. The report showed that the Producer Price Index fell by 0.6 percent, the most in two and a half years. It was the fourth straight monthly decline, something that has not happened since 1986. Wholesale prices were driven lower by a record 25.6 percent drop in Wholesale prices. Without that reduction, the overall PPI would have risen cigarette prices. Without that reduction, the overall PPI would have risen cigarette prices. Without that enduction, the overall PPI would have risen cigarette prices. Without that enduction that the underlying by a tiny 0.2 percent. However, economists said that the underlying unessage of the report was that earlier worries that inflation was getting out of hand were unfounded. Lest Settle Ch'w 132.00 132.00 - 1.75 142.25 140.25 - 1.60 142.50 142.20 - 2.75 142.00 142.20 - 2.75 142.00 142.27 - 2.59 142.75 157.75 - 2.75 147.7 152.75 - 2.50 152.00 152.00 - 2.50 v. sales 17.174. 192) Jats of 1,000 barrel Earnings Rise 5.3% at Paramount

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NEW YORK (Bloomberg) — Paramonnt Communications Inc. said Friday first-quarter earnings had risen 5.3 percent on strong sales of educational textbooks and the box-office success of "The Firm." Net income in the three months ended July 31 rose to \$120.4 million, or \$1.01 a share, from \$114.3 million, or 96 cents, a year earlier. Revenue increased to \$1.35 billion from \$1.06 billion.

**DEC Sells Cheaper Alpha Chips** 

MAYNARD, Massachusetts (Bloomberg) — Digital Equipment Corp. said Friday it had introduced a version of its Alpha chip that is cheaper than rivals and could help the company break into the mass market for personal-computer microprocesso

Digital, the third-largest U.S. computer maker, said last year that the key to financial recovery was producing Alpha chips that deliver work.

station and minicomputer power. "The idea makes a lot of sense," said Neeraj Vohra, PC analyst for Standard & Poor's Corp., "because at the price point, Digital can say it has a product that Compaq and the other clone makers don't have yet."

### Moody's Raises China Debt Rating

NEW YORK (AFP) — Moody's Investors Services bolstered its rating of China's foreign debt Friday and said it was re-examining Chinese financial institutions to see whether their ratings should also be raised. Moody's, the New York-based credit-rating concern, raised from Baal to A3 its rating on China's foreign debt expressed in foreign-currency terms. The improved rating has been assigned to the Chinese govern-ment's recently issued 30 billion yen (\$285 million) Eurobond due in 1998. 1998.

Moody's said the rating upgrade reflected its expectation that the Chinese government would ultimately succeed in leading the country through the transition to a market economy.

### AMD Faces Suits on 486-SX Chips

SUNNYVALE, California (Bloomberg) — Advanced Micro Devices Inc. said it faced several shareholder lawsuits over the timing of last week's announcement that its independently developed 486-SX chip is not entirely its own design but builds on Intel Corp.'s 386 chip. Three lawsuits seeking class-action status have been filed against the company, certain executives and board members, over why the company waited until Sept. 2 to announce that the chip unveiled in July was not "clean." a spokesman said.

"clean," a spokesman said.

### LTV to Make Common-Stock Offer

WASHINGTON (Reuters) - LTV Corp. filed Friday a registration statement with the U.S. Securities and Exchange Commission to offer 20

Million shares of common stock. Of the total, 17 million shares will be offered in the United States and 3 million elsewhere. The company, which emerged from seven years in bankruptcy protection in June, said proceeds would be used for general purposes, including capital expenditures or pension-plan contributions. Underwriters are Salomon Brothers Inc.; Goldman, Sachs & Co., and

Smith Barney Shearson Inc. They have an option to buy an additional 3 million shares to cover overallotments.

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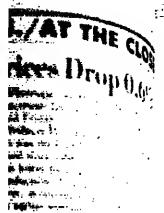
### 1.108 1.108 1.492 4.478 Advonced Declined Unchanged Total Issues 4480 Source: CROE **Oil Slumps, Then Rebounds**

Compiled by Our Staff From Dispatches LONDON — Oil-futures prices on both sides of the Atlantic hit five-year lows Friday on concerns about oversupply, then rebounded when talks between Iraq and the UN on weapons monitoring ended in New York without an agreement. Prices were also boosted by remarks by a Saudi Arabian official, who said a freeze on production would be acceptable, so long as OPEC members that have been comproduction would be acceptable, so long as OPEC members

that have been overproducing were not rewarded.

In London, October futures for Brent Blend fell to \$15.50 a barrel In London, October tutures for Brent Brent for to \$15.00 a barred before recovering on the back of the Saudi remarks to \$15.71 a barred, off 29 cents. In New York, light crude prices also recovered, with West Texas intermediate for October closing 23 cents lower at \$16.74, after falling as low as \$16.36 early in the day. (Reuters, Bloomberg)

	31 Close Prev.	Close Prev.	Close Prev.	Close Prev.	. Close Pres	<b>v</b> ] · · ·	Close Pray.	Thu's open lot CORM (CHOTT) 5.000 bu entimum:- dollars per bustel	The open int	4729 - 57025er93 4545 4894 4220 4263 +11 81,131 4650 - 6657Der93 4514 8201 6767 4399 +19 71,049 4738 - 5607 Jun 94
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### Minnon-Stack Off.

### **Continued from Page 9**

it thinks the French are going to start huying cars and television sets," Mr, Galibert said,

Perhaps a more effective measure is one to let larger investors withdraw capital gains from bond or money-market funds tax free provided that those gains are minvested in real estate, But, while this step might help stir the French real estate sector from its torpor, Mr. Galibert pointed out that it will merely encourage investors to switch their assets from one type of savings to another, with little beneficial effect for the rest of the economy.

In all, he calculated that the packages aimed at boosting spend-

# A Less-Than-Super Market Ahold Is Trying to Offset Czech Stasis

By Jon Henley Special to the Herald Tribuon ZAANDAM - Ahold NV.

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HP NO

Belgian

Behind

Sees 'Plot'

**ERM Crisis** 

PARIS -- Foreign Minister Wil-

ly Claes of Belgium, current presi-

dent of the European Community's

Council of Ministers, was quoted

on Friday as saying the effective

collapse of the Community's ex-

change rate mechanism was the re-

sult of an Anglo-Saxon plot. In an interview with the French

magazine Le Point, Mr. Claes said

the wave of speculation that hlew

apart the narrow bands linking most

EC currencies last month had done

a certain form of plot. In this An-

glo-Saxon world, there exist orga-

nizations and people who prefer to keep a divided Europe, condemned

to play a secondary role in the great

economic arguments, instead of a well-structured Europe," he was

quoted as saying. EC finance ministers decided on

Aug. 2 to greatly loosen the bands linking all currencies within the

grid except for the Dutch guilder's

link with the Deutsche mark, after

central banks spent tens of billions

of dollars in an unsuccessful de-

Mr. Claes said sticking to the

Maastricht Treaty's timetable for

European monetary union and go-

ing ahead with the creation of an

embryonic EC central bank in Jan-

uary was "the best short-term re-

sponse to that part of the Anglo-Saxon world which has sworn to

prevent the creation of a European

fense of the old parities.

monetary identity,"

Yes, I believe in the existence of

a great disservice to Europe.

the fast-growing Dutch super-market concern that has built up a leading position in the United States, is combing the Eastern Seaboard and southern Europe for acquisitions as its East European venture threatens to go stale.

The company is in "serious" talks with several East Coast and Mediterranean takeover or jointventure candidates, the Ahold president, Cees van der Hoeven, said in an interview.

But it has already started cutting back at its 3-year-old Czech venture, Euronova, which operates 22 stores, compared with an early target of 30 outlets by 1991. In 1992, the company had forecast that it would have 40 Czech stores hy early this year. "We built up a Czech organi-

zation for a far larger number of sales outlets than we have to-day," Mr. van der Hoeven said. "It has been a real struggle getting going there, and we don't

fully comprehend why." Ahold has cut Euronova's 1,000-strong work force, which is mainly Czech, by several dozen, Mr. van der Hoeven said. Although he affirmed Ahold's intention to stay in the Czech Republic, he would not rule out a withdrawal later.

The company's frustrations are shared by many Western compa-nies eager to establish a foothold in former East bloc states, Mr. van der Hoeven said. Agreements reached at national government

ders, on 25.5 percent higher sales level are all too easily blocked at the local level, where officials obof 14.3 billion guilders. Although ject to the speed and consethis was on the low side of many analysts' forecasts, Mr. van der quences of privatization. Despite its investment in staff-Hoeven said nothing in the figtraining programs and a modern ures would prompt the company distribution system. Ahold has to lower its long-term sights. Two-thirds of Ahold's target-

been refused local-authority permits to open new stores. "The stores we have are doing well and we're aching for further

'It takes two to tango. In the **Czech Republic** it just hasn't happened the way we hoped.' Cees van der Hoeven

growth," Mr. van der Hoeven said. "But it takes two to tango. It just hasn't happened the way we hoped."

But Mr. van der Hoeven, who took over at Ahold this spring, said the company's Czech invest-ment, with forecast sales of 60 million guilders (\$33 million) in 1993, is small change compared with the Western acquisitions that have propelled it to a top-10 position in the United States. The company is still on track for its target of doubling 1992 net profit of 305 million guilders in

the next five years, he said. Earlier this week Ahold reported first-half net profit up 12 percent, at 172.4 million guil-

# Fortis to Pay Belgium **\$1 Billion for 49.9% Of Financial Firm**

BRUSSELS --- The Belgian government agreed Friday to sell a large stake in the state-owned savings bank and insurer ASLK-CGER to the insurance concern Fortis in a deal that could give Fortis majority control after a few years.

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, SEPTEMBER 11-12, 1993

A statement released after the weekly cabinet meeting said the state would sell 49.9 percent of ASLK-CGER to Fortis for 34.93 billion francs (\$1.01 billion).

Fortis combines the insura and banking operations of AMEV NV of the Netherlands and the insurer Groupe AG of Belgium.

The sale is the first in a Belgian plan to sell off state assets, starting with financial institutions, with the aim of raising at least 25 billion francs a year.

Fortis has an option to raise its stake to 50 percent after Jan. 1, 1995 and from then on could raise its shareholding even more, according to a draft decree giving the terms of the sale. But the state's shareholding would not fall below 25.1 percent leaving it with a say in setting dividends and strategic decisions.

ASLK-CGER Holding, the state holding company that controls ASLK-CGER, said in a separate statement that Fortis had agreed to pay 15 billion francs for 25 percent of the ASLK-CGER bank and insurance company, with an option attached in case a definitive sale agreement was not reached.

The two parties planned to conclude a definitive agreement for the sale of the total 49.9 percent stake hy Oct. 15, the statement said.

The deal marks a major strategic move for Fortis, which has been seeking a banking arm in Belgium. The group still has to make a final audit of ASLK-CGER, one of the world's largest savings banks, before the final sale is agreed.

ASLK-CGER bank's first-half profit jumped 60 percent to 2.01 billion francs. Fortis said Thorsday that its first-half profit rose 20 percent to 226.7 million European currency units (\$193 million).

## Currency Crisis Helped Indosuez

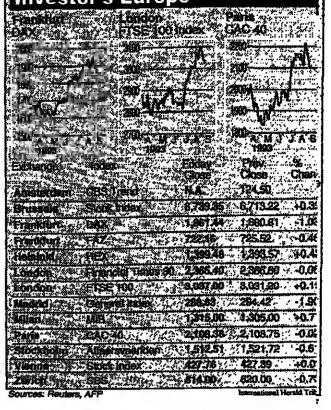
Compiled by Our Staff From Dispatches PARIS — Banque Indosuez said Friday that its net profit rocketed in

the first half of 1993 because commission income surged as a result of exchange-rate volatility, while pro-visions for bad debts dropped. The bank, which is part of Com-

pagnie de Suez SA, reported profit of 320 million French francs (\$56 million), a fourfold increase from 81 million francs a year earlier.

Gross operating profit rose 58 percent to 2.63 billion francs. Provisions fell to 1.31 billion francs from 1.39 billion. The bank said operating profit in the second half would probably be lower than in the first half, but the full year should still show a sharp improve-

ment in net profit. Indosuez also said it would close its Carr Kitcat & Aitken brokerage in London. (Bloomberg, AFX)



Page

EUROPE

### Very briefly:

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Investor's Europe

· Scandinavian Airline System and the Spies Group of Denmark nounced the merger of their charter airlines, Scanair and Conair, to fo Scandinavia's largest charter operation.

• Britain's trade deficit narrowed slightly in the second quarter, to is billion (\$5.1 billion), down from £3.5 million in the first quarter.

• French consumer prices were stable in August from July and up percent from the year earlier, provisional official figures showed.

SE Banken's 1993 operating loss after credit losses will be 1.5 bill kronor (\$190 million) at most and the bank will move into profit in 19 Managing Director Bjorn Svedberg told shareholders.

Nissan Motor Co.'s European operations chief, Tadahiro Shirai, s the company's Spanish unit must cut costs and raise productivity to level of Nissan's British plant within two years.

· Usines des Chausson SA, an anto company jointly owned by Ren: SA and Pengeot SA, will be found in a state of cessation of payments t French trade court, said the chief executive, Jean Melin. Comp executives said Chausson would then have to file for bankruptcy. AP, AFP, Bloomberg,

# **Investment Fund for Lloyd's**

LONDON - Europe's largest insurance brokerage, Sedgwick Group PLC, launched an investment fund Fnday to bring corporate capital to the rescue of the ailing Lloyd's of

Lloyd's is trying to attract corporate capital with limited liability after relying in the past entirely on wealthy individuals, called Names, with unlimited liability.

PLC unit was launching the CLM could run up a total loss of m than £6 billion for 1988-1991. Insurance Fund with sponsorship

ing would attenuate only in part the effects of this year's tax m-crease, which more than doubled. to 2.4 percent, an across-the-board levy on all salaries, including the earnings of the lowest-paid segment of the population.

The one bit of good news is that with short-term interest rates starting to come down, most analysts do see the stirrings of growth next chief of the union, Klaus Zwickel, year, albeit at a modest level, of said on Friday. closer to 1 than 1.5 percent.

With interest rates expected to be at around 5 percent at the end of the year, small and medium-sized companies, which have been suffering badly in the recession, will find it easier to borrow.

Compiled by Our Staff From Dispatcher FRANKFURT - Germany's most powerful labor union, IG Metall, is offering to take a step back on wage demands for 1994 if em-

ployers give up calls for a wage freeze in return, the designated

Mr. Zwickel said IG Metall was considering limiting its wage demands to compensation for inflation and expected increases in productivity. "Employers' wishes for a nominal wage freeze in the short term and for a real reduction in

wages in the mid term will not be fulfilled," he said. At the same time, Mr. Zwickel said IG Metall would limit its wage

demands in the coming year to a level dictated by price and productivity increases He presented research to show

ed earnings growth is to come

from existing activities, mainly through improved returns from

recent acquisitions such as the

American supermarket chains

Together, Ahold's five East Coast subsidiaries — which also

include Bi-Lo and Giant Food

Stores - generated sales of \$6.3

billion in 1992, about half the

group total. Ahold is also seeking internal

growth at its most recent Euro-

pean acquisitions in Portugal, where in barely a year it has

established a network of 140 su-

permarkets with its joint-venture

partner Jeronimo Martins. These

are expected to contribute about

800 million guilders to group

carnings growth will come from acquisitions or joint ventures to

which it applies strict criteria of

performance, growth potential and market share. It will not

even consider an acquisition that

threatens to reduce earnings per

share year-on-year, Mr. van der

That means candidates' annu-

al sales are unlikely to exceed \$2

billion, and in effect it rules out

any household name in highly developed markets such as Ger-

many, France and Britain.

The company's remaining

sales this year.

Hoeven said.

Tops Markets and Finast.

that between 1980 and 1992, wages in German industry have increased only moderately.

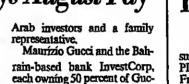
The research also shows Germany's competitiveness has been influenced "much more by international monetary relations and exchange rates" than by domestic (AFX, Bloomberg) wages,



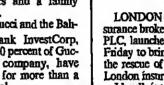
representative.

rain-based bank InvestCorp, each owning 50 percent of Gucci's holding company, have been fighting for more than a

ey flow within the company



#### year for control. "The company is completely paralyzed," Mr. Bruno said in a telephone interview, "The crisis with the shareholders has generated a complete stall in mon-



London insurance market. Sedgwick said its CLM Advisers

to \$309 million). Analysis expect that for 1' alone. Lloyd's will have to finc least £1 billion of corporate cap before January to top up an expe

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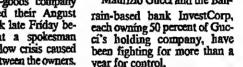
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of the houry-goods company Gucci received their Angust payslips a week late Friday because of what a spokesman called a cash-flow crisis caused

Carlo Bruno, a spokesman for Gucci in Milan, said the company was having difficulty securing funds to pay employ-ers and suppliers due to a

# CONSUME: To Spend in France IG Metall to Ease Demands **On Wages if Employers Do**

Renters ROME - Italian employees

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### ASIA/PACIFIC

Page 13

# Sharp Finds Ways to Dull the Pain New Products, Alliances Help Japan Electronics Firm

#### Bloomberg Business News

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> TOKYO - There has been plenty of carnage this year within Japan's once-mighty consumer-electronics industry, thanks to the yen's spectacular rise and increasingly reluctant consumers across much of North American, Europe and Japao.

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But the paio is not being felt so keenly at Sharp Corp., whose new-product offerings and alliances with the likes of Intel Corp. and Apple Computer Corp. are carrying the company through these lean times.

Sharp's carnings have taken a bruising front the yen's 18 percent jump against the dollar this year, which has made the company's products less price-competitive. Sharp's pretax profit for the year ended March 31 fell by 37 percent to 44.54 hillion yen (\$422.58 million) on sales of 1.15 trillioo yen.

Yet Sharp's carnings hit was not nearly as severe as those of key rivals such as Fujitsu Ltd., which posted a pretax loss of 8.704 billion yen for the year, or NEC Corp., where pretax earnings fell 77.3 percent to 18.15 billion yen during the same period.

Indeed, analysts expect Sharp's leadership in the fast-growing market for liquid-crystal display screens for computers and games ma-chines to allow the company to rebound more quickly than its rivals.

Sharp is just about to start collecting on its investment in LCDs," said Makio Inui, industry analyst at Kleinwort Benson, Grow-

ing demand for personal computers in Japan will fuel demand for screens, the analyst said. Investors have reason to be upbeat about Sharp, as well. Despite the profit decline last financial year, Sharp's shares, now at 1,480 yen, have soared 47 percent this year, outpacing the 28 percent gain in the broad Topix

Sharp's leadership in LCDs gives it an edge, analysts say.

Index of all shares traded on the Tokyo Stock Exchange's first section. One big reason is Sharp's commanding 40

percent share of the market for flat, light liquid-crystal displays, a 390 billion yen mar-ket last year that is expected to reach an

estimated 1 trillion yen by 1995. LCDs are used as display screens in porta-ble computers, pocket televisions and other electronic devices. And Sharp is using its edge in the field to pump out new products, which it hopes will capture the imagination of recession-wary consumers.

For instance, the company introduced a portable video camera with an LCD screen instead of a conventional viewfinder last November. The camera proved an instant hit, and pushed Sharp's share of the domestic

video camera market to 20 percent from less than 10 percent the previous year.

> The company has started construction of a new LCD plant in Japan that was postponed from last year.

Another advantage for Sharp is its powerful friends. Sharp has joined Intel, the world's largest maker of semiconductors, in a technology tie-up that allows it to produce flash memory chips for the U.S. company.

Flash memory is a kind of semiconductor storage chip for electronic devices that does not lose the stored contents when disconnected from its power supply.

It is estimated that the world market for flash chips will be worth 200 billion yen a year by 1995. Since Intel has a 70 percent share of the marker, Sharp's alliance "gives the company strong leadership" in the field, said Barry Dargan, industry analyst at S.G. Warburg Securities.

Sharp also stands to benefit from a relationship with Apple Computer. Sharp co-developed Apple's hand-held personal-infor-mation device, called the Newton, and has started selling a similar product of its own. While Sharp is better placed than many of

its competitors to ride out the recession, analysis say that the company has one area of financial weakness that could cause it to take a large one-time loss in the future.



TOKYO - Four of Japan's top steelmakers said Friday that the ers' dividend. strong yen and poor demand for steel would bring them substantial losses in the half-year to Sept. 30. The companies - NKK Corp., Kawasaki Steel, Kobe Steel and Sumitomo Metal Industries - said they would post current losses for the half-year ranging from 8 billion

yen to 15 billion yen (\$75.79 mil-lion to \$142.11 million). The companies cited Japan's continuing economic slump and the consequent fall in demand for steel as the main reasons for the projected losses. Major clients of steelmakers, including construction companies and automakers,

have been cutting down on con-sumption of steel as their own markets decline. The strong yen has cut into ex-port earnings by making the price of Japanese steel expensive in over-

seas markets. NKK will report a current loss of 15 billion yen for the half-year, the company said. Sales will fall 7 per-

560 billion ven. NKK will suspend payment of its half-year sharehold-

Kawasaki Steel said it would lose 8 billion yen in the period to September. Sales will fall to 530 billion yen from the 560 billion yen origi-

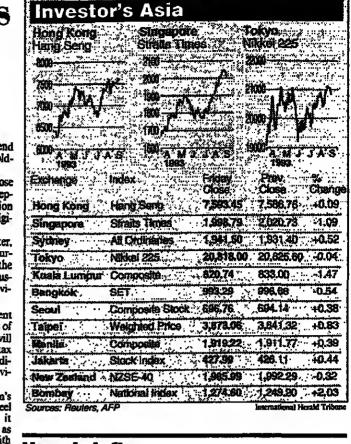
nally forecast, Kawasaki said. Japan's third-largest steelmaker, Sumitomo Metal, will see its current loss at 9 billion yen for the

half-year. The company will sus-pend payment of its half-year divi-dend to shareholders. Kobe Steel's half-year current loss will be 9 billion yen on sales of

550 billion yen. The company will also post a net loss, or loss after tax. payments, of 7 hillion yen. In addition. Kobe will suspend its dividead payment. In a related development, Japan's Labor Ministry, describing steel companies as overstaffed, said it

foresaw further industry job cuts as manufacturers come to terms with the tough business environment.

NKK and Kawasaki Steel earlier this year announced plans to cut more than 3,000 jobs each in threecent over the previous half-year, to to five-year restructuring plans.



### Very briefly:

• Yamaichi Securities Co.'s Gotanda branch, and branches of Universal Securities Co. and Kyosei Securities Co., will be barred from trading for clients for periods of two to five days, the Finance Ministry said, as punishment for their roles in manipulating the stock of Nihon Unisys Ltd.

Hong Kong's Securities and Futures Commission said that as a result of a case it brought, an investor, Reginald Wong, got a four-month suspend-ed jail sentence for manipulating the shares of Holian Investment Ltd.

• Sanyo Bassan KK, a Japanese liquor distributor, asked the Fair Trade Commission to investigate Budweiser Japan Co., a venture of Anheuser-Busch Cos. and Kirin Brewery Co.

Tokyo Electric Power Co., nine other Japanese electrical utilities and three gas companies will cut gas and electricity rates from November 1993 to September 1994, to pass on 265 billion yen (\$2.5 billion) in foreign-exchange gains to consumers, the government said.

• China has increased this year's spending on a Beijing-Hong Kong rail link, the 2,370 kilometer (1,470 mile) Jing-Jiu line, by 38 percent to 7.2 billion yuan (\$1.24 hillion), Xinhua news agency said.

• Dragon Properties, a Singapore-based real estate developer, has agreed to build an office and apartment complex in a venture with Vietnam's state-owned Hanoi Commercial Co.

· Pacific Dunlop Ltd. said that its oet profit for the year ended June 30 had risen 22.2 percent to 260.4 million Australian dollars (\$170 million), and that it intended to expand its activities in Asia.

Bloomberg, AFP, Reuters, AP, AFX



# \* Yen Pushes Japan Car Prices Up in EC

Compiled by Our Staff From Dispatches TOKYO - The yen's surge against European currencies is forcing Japanese carmakers to raise

officials said Friday. The increases coincide with a se-

18.5 percent from last year.

makers - Toyota, Nissan and Honda - have set up European assembly plants. But these have not yet reached full production, and the Japanese still must depend on ny, Belgium and Austria have been

exports to offer a full array of cars increased twice for the same model Corp. said Japan's biggest carmakto European consumers.

export prices to Europe, company

vere slump in European car sales, which forced Japan to agree last week to a further cutback in exports to the European Community to 980,000 units this year, down

The three leading Japanese auto-

When the yen streogthens

against European currencies, revenue and profits recorded in those currencies translate into fewer yen on the parent company's books, percent to almost 5 percent. pressuring the company to raise

prices in the local currencies to compensate. Yoichi Harada, a Honda Motor Co. spokesman, said his company had been forced to raise the price of Civic models exported to Italy three times since December, given the dual impact of the stronger yen

and the lira's collapse. Export prices to Britain, Germa-

but upward revisions have been made only once for France, the Netherlands and Switzerland. how much.

Mr. Harada said each upward adjustment ranged from almost 1 While Honda has in the past cushioned the impact of the stronger ven hy boosting exports to Enrope from the United States, Mr. Harada said that with the European market in sharp decline, such shipments would fall this year. They rose 9 percent to 6,943 units last year, representing almost 5 percent of the 139,700 units exported

from Japan

er was raising prices "several times a year" but refused to disclose by Toyota whose exports from Ja-

pan to Europe came to 272,564 units in the seven months to July, is also witnessing a decline in car shipments from the United States, which started in March last year. Such exports came to 1,091 units in the seven months, barely 10 per-cent of those for all of last year, Export prices set by Mitsubishi Motors Corp. have also been rising, especially for Britain, the Netherlands, Belgium and Switzerland, a spokesman said, declining to give An official at Toyota Motor further details. (AFP, Bloomberg)

# Jardine Motors to Buy French Auto Dealership

HONG KONG - Driving further into Europe, the houry-car distributor Jardine International Motor Holdings said Friday that it would hay Compagnie Internationale de Commerce et d'Approvisionne-ment SA, or CICA, from the French retail concern Pinault-

The \$25 million sale will mean 26 more dealerships for Jardine Motors.

# **POST:** How Far Will It Sway in Beijing's Direction?

#### **Continued from Page 9**

day that it had expressed concern about the murkiness of the negotiations.

An announcement on the deal has been delayed four times during the past week.

which is hoping to crack China's potentially more lucrative television market, the paper has be-come a political liability.

forms, and controversy smolders Among those oot bidding for the newspaper is Pearson PLC, publisher of the Financial Times, about the future role of expatriate civil servants. There are also signs that leading Hong Kong which refuted speculation that it law firms are reluctant to act was cycing a stake to further its Asian market aspirations. "Any reports of our involvement

against individuals with strong ing connections.

for Mr. Patten's political re-

Siemens Retracts Spying Allegation A oumber of factors provide evidence of China's growing in-fluence: Support has dwindled

# Renters

BONN - Siemens AG on Friday withdrew an allegation of possible industrial espionage over a contract for South Korean highspeed trains.

A subsidiary of the Hong Bloomberg Business News Kong trading company Jardin

Matheson Holdings, Jardine Motors has built its business oo the distribution and sale of

CICA is 65 percent owned by Pinault-Printemps and is the France

**IN FRANCE** 

It's never been easier

to subscribe and save

largest independent motor-vehiele dealership group in "At the end of the day we have to expect Jardine Motors to do something like this," said Tim Storey, analyst at HG. **TO OUR READERS** 

Mercedes-Benz cars in Asia. Printemps.

androne Mar San - Mar San - Marine - Marine - Marine - Marine - Marine - Marine - Marine - Marine -	"We strongly urged the involved to issue an any ment describing the state negotiations," said a se commission spokesman, market must be better info Media analysts agre News Corp.'s decision to Morning Post is a timely of Mr. Murdoch. To News	ounce- of the curities "The "The terts from Pearson." terts from Pearson." terts from Pearson." terts from Pearson."	y against individuals with strong Beijing connections. Contemplating the way things are headed at the Morning Post, Ms. Ng said: "If the whole print- ed press becomes ineffectual as a forum for debate and varied	Germany's Inter-City Express consortium, led by Siemens, lost the contract last mouth to a group led by GEC-Alsthom of France and Britain, which makes France's TGV high-speed train. On Thurs- day, Siemens said there was a sus- picion of industrial espionage and it had sent letters of protest to South Korea.	with our ne toll free servi Just call us to at 05-437 4		In FullerMoney - the iconoclastic investment letter. Kyla Phillips for a sample issue (once only) a 71 - 439 4961 (071 in UK) of Fax: 71 - 439 4966 For further details to to place your listing contact: ATRICK FALCONER in London TeL: (44) 71 836 48 02. Fax: (44) 71 836 48 02. Fax: (44) 71 240 2254 Herald Contact: Therald Contact: Cribune.
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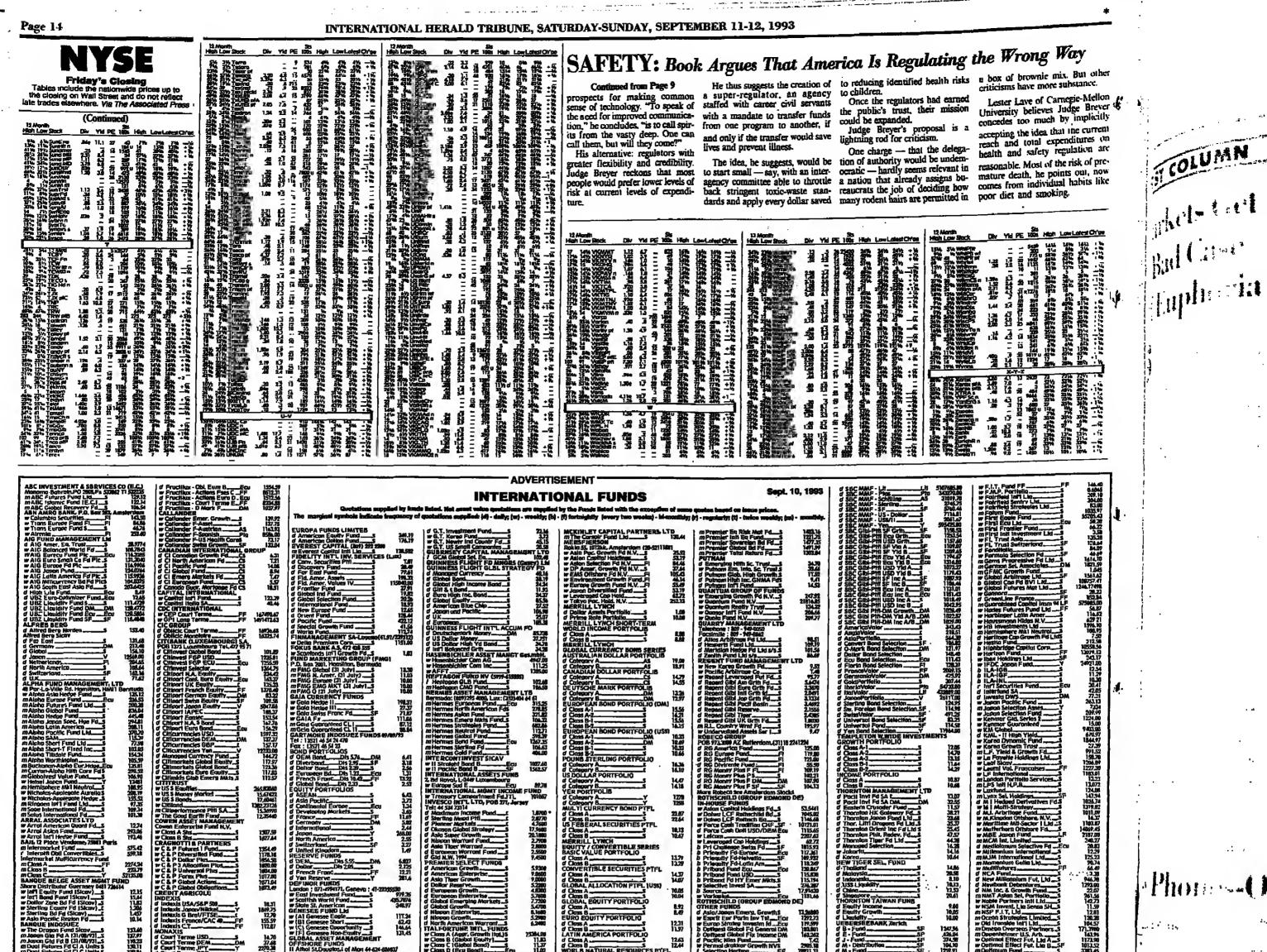
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Saturday-Sunday, September 11-12, 1993 Page 15

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# • A Bad Case Of Euphoria

O the Bundesbank finally tossed the bond and equity markets a little snack. Unfortunately, Thursday's half-a-point reduction had already been so much anticipated as to be virtually predigested. Traders wanted three-quarters of a point, and many had told themselves that was what they really expected.

Nevertheless, the markets - just about every European bond market, and the majority of stock markets - rose again. For that, hlame the "consensus view" cited in innumerable news reports. The "consensus view" is a pretty reliable substitute for a mass attack of premature senility, but it appears to have prevailed this week. The thinking - if that is not too much of a misnomer --- is that German rates will not fall again in the short term.

That may well be true, but it is hardly a sufficient reason to justify a further dose of euphonia. A more measured response might have been gentle losses across the bond markets and a steadier German mark, as opposed to the reflexive "onward and upward" trading that was seen.

The euphoric disease has caught hold es-pecially badly in the bond markets. There have been compelling arguments for interna-tional bonds to be made in the last few years. This column made some in the aftermath of the Gulf War, and again at the beginning of 1992. Now, however, the markets are looking set for significant falls.

Don't be fooled by traders' strategic argu-ments. Right now there are traders whose key strategy, whatever they tell their clients, is to go long of everything and take a sixbour lunch. In these markets, hy the time they come back (if they come back, that is), they look wealthy, and therefore wise,

It may not happen straight away, but a significant correction is the very least we can expect. Over the long term, shares and bonds remain an excellent way to beat inflation, but according to this column, now is oot the best time for lump-sum investment. Anyone eager to invest would be better advised to start a regular savings plan and wait for a time when the markets offer better value before making a large commitment.

# FIRST COLUMN FOOd Makers Suffer Markets Get Discount Dyspepsia

By Aline Sullivan

HARES in leading food manufacturers have so far remained immune to the exploring interna-tional share markets. The news is particularly mediocre on both sides of the Atlantic: European and U.S. shares have taken a beating in recent months from inves-tors convinced that famous brand names will

prove vulnerable to cheaper competition from retailers' own products. But some analysts believe the gloom has been exaggerated and they predict a recovery in the sector. The trouble for food manufacturers start-

ed in July when U.S. giant Philip Morris sheared the domestic price of its Marlboro cigarettes in an effort to retain market share. Investors worldwide took fright: The move appears to have unleashed a wave of bearish sentiment affecting food brands as well as the tobacco business.

Investors' fears are easily summarized. Competition among food retailers in the United States and Western Europe has never been fiercer. Up-market supermarket chains like J. Sainsbury in Britain and Safeway in the United States are being challenged by low-margin, high-volume discount stores op-erating according in the old marketing prin-ciple of "pile can high, sell 'em cheap."

The retailers are accordingly putting pres-sure on their suppliers. Food manufacturers that have lavished millions of dollars on building individual brands are finding the payback from their investments at risk. Worse, cheap own-name goods produced by the supermarket chains themselves are displacing the manufacturers' branded products on the shelves.

Analysis agree that at least some of the decline in share values was warranted. Consumers' buying patterns have changed with the recession and are unlikely to revert to form over the oext few years. Probably, the consumers of the 1990s will remain value oriented. But some companies are well placed to prosper in the next few years and these are starting to look undervalued.

"Shares at some companies were slashed more as a reaction among investors to the Mariboro event than as the result of looking at the individual husinesses," said Edouard Boisgelin, food analysts at Merrill Lynch in London. "Investors didn't separate the men from the boys."

Nomi Ghez, food analyst at Goldman Sachs in New York, agreed that shares in M.B. some food manufacturers have fallen so far

The Phones-On Approach in a Crisis

that they are now undervalued. She cited the American confectioner Hershey: "It has a strong brand name, very little private-label competition and a strong balance sheet."

"Some of the concerns about these companies are valid hut they were overdone." said Ms. Ghez. "It is a difficult environment for food manufacturers because inflation is low and the established markets are not growing. But profits should improve as the economie get better.'

Herald

Analysts concur that, in this market, big is beautiful. Companies able to invest substan-tially in research and development are expected to produce products that are of a high enough quality to merit high prices and to develop manufacturing techniques aimed at cutting costs.

John Campbell, food analyst at London stockbrokers County NatWest, was adamant that the big food manufacturers offer the best value for investors. "These are able to take advantage of the consolidation in the industry and the growth in developing mar-kets," he said. "Smaller, regional companies are less well placed."

RESENCE in developing markets appears another precondition for prosperity. In contrast to the stag-nant markets of Europe and the

United States, sales of hrand-name foods are likely to soar as disposable incomes rise in the Far East, Latin America and Eastern Europe, analysts said.

Mr. Boisgelin recommends buying shares in Switzerland's Nestlé, maker of Nescafe coffee, and Unilever, the Anglo-Dutch food group. Both companies derive more than 20 percent of their sales from developing mar-

U.S. cereal maker Kellogg is also likely to benefit from developing markets, said Ms. Ghez. The company is opening new plants in India, Latvia and China in the next few years and is already well established in the Far East and Latin America.

Also well placed are Cadbury Schweppes and United Biscuits of Britain, which should be able to use their Australian operations as a basis for expansion in the Far East, analysts said

Ms. Ghez is less enthusiastic about baby food manufacturer Gerber because the U.S. birth rate is declining. She is also bearish about Heinz, which is heavily exposed to the deteriorating tuna and ketchup markets. Aoalysts remain gloomy about BSN Groupe, the biggest food manufacturer in France, which derives less than 5 percent of its sales from outside Europe and the United States.

INTERNATIONAL Eribune

Loic Morvan, foods analyst at James Ca-pel in Paris, said BSN shares are unlikely to look attractive for at least a year. He predicts that profits will fall this year, and not recover strongly until 1995, when its current restrucusing program should begin to take effect, "BSN's strategy has been to be powerful in Europe," he said. "It's a shame." Just bow much of a shame was illustrated

in July, when the French national statistics institute published a survey showing that consumer spending on food in France rose only 0.1 percent in 1992, compared with



Over one year.

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around 2 percent a year in 1991 and 1990. The institute said its findings reflect a profound change in spending habits as consumers turned to cheaper products. BSN, in common with other food manu-

facturers such as Britain's Hillsdown Holdings, is countering the trend to cheaper products by cutting prices and producing some goods for superinarkets that are sold under the name of the retailer. The profit margins on such products are comparable to those achieved on more expensive branded prod-ucts because these companies need not

spend large sums on advertising, Mr. Mor-van said. However, Ms. Ghez warns that the market for retailers' products may hit a ceiling as industrialized economies improve. "People should remember that the private [brand] market is not dead," she said. "Pri-vate labels account for 18 percent of the market in the U.S. now and there has been some talk that it will reach as high as 40 percent. But I think it will take about five vears to reach just 19 percent."

that food shares are "still not so cheap that people should rush in and fill their boots." But as equity markets continue to soar, in-vestors may find attractions in a sector that a can scarcely fall much further.

By Judith Rebak THAT happens to your finances if there's a crisis? If it's one of your own, the chances are you'll be able to get through to your broker, banker or fund manager on the telephone as you leave town in a hurry. But what if it's a crisis of the market-made variety?

Virtually everyone who minds the phones at fund companies harks back to the market crash of Oct. 19. 1987, as the month of truth. As the stock market went into free-fall, tens of thousands of frantic investors jammed the tollfree lines of fuod companies. Most heard busy signals or endless recorded messages: some didn't get through for two days. The lines were overloaded, but a bigger problem was that there were not enough people to answer their calls.

Today, the industry standard for a phone representative to pick up a call is 20 seconds. "If a customer waits longer than a minute, the response will be concern and getting upset," said Louis Harvey, editor of the Minual Fund Market News, a Boston-based publication that surveys services of fund managers. To be avoided at almost any cost are "ahandons," callers who tire of waiting and hang up.

In the aftermath of the 1987 phone nightmare, fund managers began sceking ways to handle overload situations without keeping employees siting around idly. Cross-training phone represen-tatives is now the most widespread

method of being prepared for over-loads. Most fund companies main-reps in four cities across the United tain at least two 800 numbers (toll-free numbers within the United States) manued by two separate groups; one may give out basic in-calls, we fail under pressure," said formation such as account status. Amy Danforth, a vice president for fund prices and the like, while the operations. The Boston-based other handles actual transactions. In cross-training, each group learns the duties of the other so that personnel can be redeployed to meet trained representatives, plus any of the ebb and flow, as well as the its 1,000-member "corporate retypes of calls.

serves," everyone from marketing A second way of backing up the regular phone brigade is to summon reinforcements from employ-Worcester, Massachusetts, compa-

In the aftermath of the 1987 phone nightmare, fund managers began seeking ways to handle overload situations.

average day, received an early-warning signal of the October 1987 crash in April of that year, when the bond market crashed, setting off a flood of calls. "We realized then we needed a contingency force to supplement our regular tele-phone troops," said John Woerth, a

spokesman. Thus, was born Vanguard's "secret army," some 500 executives who are trained to help out when the phone lines get hot. The roster even includes the chairman, John Bogle.

ees who normally never handle the customer phones. Fund manage-ment firm Vanguard, which han-ning resembles a battle plan, escadles 25,000 to 30,000 calls on an average day, received an early-warning signal of the October 1987 crash in April of that year, when market goes crazy, we have a pool of 600 people who know the phones, know how 10 run comput-ers, and are articulate." But having the sheer numbers

in 15 seconds, and if there is an

"event," it can summon cross-

available to answer the phones is only half the battle. Far trickier is calming a panicky or angry inves-tor, an exercise in psychology, hand-holding, and treading the le-

Ground rules for this procedure are taught during training and tend Amy Danforth, a vice president for operations. The Boston-based don't know what to do, what funds giant aims to pick up its calls should 1 do? we'll tell them we can't advise them, but we can give them some information," said Ms. Danforth of Fidelity. A typical approach is to provide a longer-term perspective, backed up by statistics about previous dips and recoveries At the 440 Financial Group, a in the overall market.

"Our intent is not to keep people from moving their money, but moving it on the right information, and basically, not making a knee jerk decision out of fear," said Ms. Danforth. For investors who simply want to sell, a standard operating procedure at all fund groups is to do so, succinctly and efficiently. Ms. King of 440 Financial fol-lows the same basic scenario, but how to represent her outside clients

in an emergency situation is worked out with them in advance. "It's critical, because there are dif-ferent shareholders in different companies, and you have to inform them of the same situation in different ways. You don't want to hurt or scare them," she said.

In terms of personnel, operations executives can plan for certain high-volume situations. They typically beef np their in-house numbers or contract with outside ser vices to accommodate the hnge surge of calls from shareholders rushing to beat the April 15 deadline for taxes and Individual Retirement Accounts deposits.

# Fidelity. whose phone calls gal line between information and advice. BRIEFCASE

### Fund Manager G.T. Says U.K. Offers Equity Opportunities

G.T. Capital Management, which man-ages funds in both the United States and Europe, is touting U.K. equities as the place for international investors to be.

In its latest quarterly newsletter, the fund manager makes its case by noting that Britain is starting to pull out of the recession and ain is starting to pull out of the recession and is henefiting from its exit from Europe's exchange-rate mechanism a year ago. Retail price inflation. for example, has dropped to a 30-year how of 1.2 percent. Moreover, "mometary trends, deflatioo in real estate, and declining labor costs indicate virtually no domestic inflationary forces in the next year," said Christian Wignall, the group's

chief investment officer. Which shares look most tempting? Some of the big financial names like Barciays and of the big financial names like Barciays and Provident Financial are on G.T.'s list, but the most favored are companies with smaller the most lavored are companies with smaller market capitalizations. Among the choices of Paul Wood, who oversees the U.K. por-tions of G.T.'s portfolios: The Compass Group, which does business catering; How-den a Santish among that makes his den, a Scottish company that makes big industrial fans, and Weir Group, a maker of electric pumps. Mr. Wood points out that

manufacturing costs have fallen markedly for the last two companies, giving them prices as much as 25 percent lower than their European competitors.

U.S. investors can join the small cap bandwagon via the G.T. Europe Growth Fund, which has 42 percent of its monies invested in Britain. International investors have the choice of two funds from the G.T. stable --Special Situations, or Small Companies Dividend.

#### **Dividends Have Increased** But is That a Good Sign?

Not everyone is as optimistic as G.T., however.

While the love affair with mutual funds has helped push up stock prices, market historians have been warning for a couple of years that dividends were not keeping pace, that the market's average yield had fallen to a level that has spelled disaster in the past. Isn't it great news, then, that dividend

increases have picked up steam and are run-ning far ahead of reductions?

Not at all, says Norman Fosback; editor of the newsletter Market Logic. He notes that whenever there is a three-month period

in which the number of companies that cut or omit dividends falls below 7.5 percent of the number that raise or resume dividends, the market, as measured by the Dow Jones industrial average, falls 2 percent over the next year. The percentage recently was 6.

When bad dividend announcements rise past 25 percent of good ones, the Dow has gained 19 percent over the following year. The reason for this bit of market perversity? "Only the most naive of investors react in what has already happened," says Mr. Fosback. "Most strive to anticipate the future, and when the dividend news is as overwhelmingly good as it is now, well, the unfortunate conclusion is that it can only deterio rate."

#### New U.S. Tax Laws Place Burden on Self-Employed

Bad news for the self-employed who pay U.S. taxes. According to tax practitioners Ernst & Young, new tax laws place entrepreneurs and partners of service-type businesses "at a marked disadvantage to their peers in corporate America." The firm cites Medicare-related taxes and changes in entertainment-expense rules as the principal causes.

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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, SEPTEMBER 11-12, 1993

## THE MONEY REPORT

### **Best Performing Recovery Funds** un ferent i ber Bartatum Gitterte Frances Derivative Least Lang, Laboratorati, Albertan, Frankling, Salandari, Over one year to Sept. 1, 1993 Over three years to Sept. PBBG Growth Fund Thomson Opportunity (A) Thomatie Opportunity (A) ----Neimor Benson Japanico Boll & Beer Special Equity. Holi & Deer Special Englis American Entago Fund Suriamenica Entago Fund Handesson Japen Special Sits Ficially Japan Special Sits Twentieth Cept Litra Guinness Fight Recovery Barclays Unicom Japanese Sp S. Marciny ST Japan Ope - 4 / C 157 With it's at my my them the most of

#### OR Wall Street in the 1980s, other people's money was the key to riches. For Germans in the 1990s, an increasingly common investment targets other people's

Morbid as it might sound, Germans are snapping up second-hand British and Irish life insurance policies as an exotic means of refinancing mortgages, saving for old age or future education expenses or simply as a high-return alternative to equity investments, which many Germans regard with suspicion.

By Brandon Mitchener

This is nothing new in England, where second-hand endowment policies have been sold for 150 years, but the market in Germany and its Continental neighbors is still in its infancy. The overall mar-ket is expected to grow to around £100 million (\$1.5 million) next year, with around 80 percent of buyers based in Britain. According to Bill Weston, a partner at auc-tioneers Foster & Cranfield, the oldest name in the business, Ger-

many is the second biggest market. "Buyers are mostly trust funds, but a lot of private investors are buying them because the returns in comparison to money market funds are so good," Mr. Weston said. "Abont a third are bought by ordinary individuals."

In Germany, about two out of every three buyers are wealthy el-derly who use second-hand British endowment policies as collateral for local mortgages and real estate loans, said Harald Rolle, a Hamburg/Buchholz-based investment adviser who learned about the policies at a financial fair and has been selling them ever since.

dium-sized businesses that are the backbone of the German economy.

Others trade in their German life insurance policies for British policies in search of a higher yield. Mr. Rolle has calculated that German companies, which invest primarily companies, which neves primary in fixed-income paper and real es-tate, pay roughly double the sum of premiums, while British compa-nies, which invest heavily in equities, return up to six times the prennums paid.

The British secondary market's historical raison d'etre is a vast gap between the surrender value of an endowment policy canceled prematorely and its inherent cash value, or asset value. Market makers straddle this gap, paying more for "used" policies than the insurance

them more cheaply than a new poli-cy of similar value would cost. Effectively, the surrenderer sells the right to collect the eventual

payout on his contract, while the buyer, who receives the original policy papers and an acknowledgment of transferred ownership, continues to make premium payments until the policy expires. Sales of the second-hand policies

have soared recently because of the British recession, but they are more than a way of profiting from some-one else's misery. Mr. Weston and Mr. Rolle insist. "There's been a steady flow of these policies for a long, long time," Mr. Weston said.

Indeed, only 20 percent of policies surrendered early find their way into the secondary market but more than half of all U.K. policies are surrendered before their time. One reason is divorce, which resolts in the early sorrender of joint

life insurance contracts. But anothcompany would offer, and reselling er big reason, during the recession,

policies are used as collateral for a real estate loan, Mr. Rolle said. OR Germans aware of

Trading for a Second-Hand Life

the market's existence, second-hand U.K. endowment policies are almost too good to be true, combining relative safety and a highreturn, generally three percentage points above British gilts, which currently yield around 9 percent. Even the specter of devaluation is relative because while the eventual payout declines, so do all the remaining premium payments.

"I just had a customer buy 10," Mr. Rolle said, A German architeotural engineer, aged 60, bought sec-ond-hand endowment policies maturing between 1997 and 2007. giving him a revolving retirement income," he said,

For clients unwilling to invest the grows, however, so does its price, time needed to track a second-hand and Mr. Rolle said he no longer British life policy themselves - it is sells it as a result.

has been a drop in real estate up to the owner of the policy to find prices. Most British life insurance out if its object, the original owner, dies before it expires ---- several U.K. investment banks are now selling second-hand endowment funds, and Mr. Rolle and others, in turn, are selling the funds.

The first, the Kleinwort Endowment Policy Trust (KBPT), aims to invest £30 million in policies expiring in 2003, Second on the market was Barclays de Zoete Wedd (BZW), with a £20 million fund expiring in 2005, and John Govett is to be the third.

Fund managers specializing in second-hand endowment policies pay less than a 15 percent premium to a policy's surrender value, comeggeneration and a set pared with a typical auction price of around 20-25 percent, attracting STRUCTURE CONTRACTOR STRUCTURE water a same state investors with the lare of higher otta de regionente tra inclui da Ma returns than they could achieve by TPD groups and side a themselves. As interest in the fund Sector States and Store

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# How Recovery Shares Beat the Indexes

terms), handsomely outperforming

the local FT-A All Share Index. But

until last August it was sadly lag-

ging. During the previous three years and two months, the fund has fallen 18.1 percent for a sterling

One of the fund's successes, Gra-

investor, (36 percent in dollars).

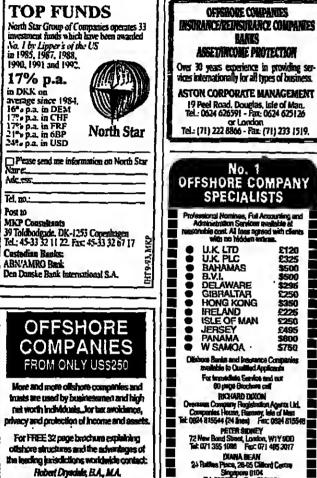
recapitalized the leisure company

invested

#### By Rupert Bruce

al fund industry to become one of its champions in the space of 12 months. As such, it has behaved ESPITE generally flatter trends this week, exactly as a portfolio of recovery shares should. Given that these many of the world's major stock markets are still near their historic highs. funds thrive on "special" situations, That poses difficult questions for each unique to its recovery, supportwould-be investors: Where is genuers of this type of investment argue that, string markets or not, recovery ine value to be found in a generousstocks have a way to go. Mr. Hughes bought the bulk of the portfolio in the long years of ly priced market? Surely, peak market prices mean shares are fully valued?

Not necessarily, argue fund man-agers like Richard Hughes of Lon-don-based M&G. The M&G Recoverv Fund invests io companies experiencing difficulties, or which are otherwise experiencing hard lo the 11 months from the end of times and are due for recovery. The August 1992 the fund has rewarded



#### Granada showed many of the signs that Mr. Hughes believes often herald a recovery. There was a new management, a vigorous pro-gram to sort the company out, and the rights issue would fortify the OFFSHORE COMPLIATES INSURANCE/REINSURANCE COMPANIES -1-cASSET/INCOME PROTECTION Over 30 years experience in providing services internationally for all types of business. ASTON CORPORATE MANAGEMENT 19 Peel Road. Douglas, Isle of Man. Tel.: 0624 626591 - Par: 0624 625126

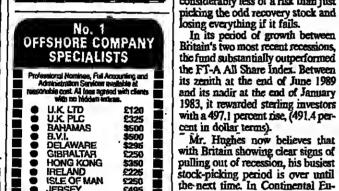
Britain's recession from among the

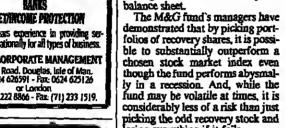
London Stock Exchange's down and outs. A few went to the wall,

but others turned around and their

to the 11 months from the end of

prices have risen.







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cession still has a grip, there are many more opportunities. Anthony Bolton, the investment director of Fidelity Investments in Britain, who manages the range of

Mr. Hughes now believes that

rope and Japan, though, where re-

vehicle has risen from its position as sterling investors with a 63.4 per-one of the pariahs of Britam's mutu-cent rise, (118.9 percent in dollar marketed across the region, says he marketed across the region, says he is buying a lot of recovery stocks. He does not stick to the purists' definition of these stocks and includes companies that have low earnings purely because of the re-cession (described as cyclicals) as well as those that have more specific problems

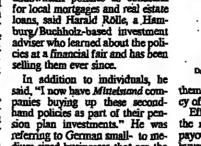
nada, is a classic recovery share. In the former category he would Mr. Hughes bought it at the time of include consumer-oriented stock market sectors like retailers, media a "rescue" rights issue two years ago for 150 pence (\$2.25) a share. He liked it because the rights issue and "some of the financial companics that are oriented towards individuals." He thinks, however, that and a program of disposals and it is too early to buy the purely acquisitions was under way. The cyclical plays. share tripled in value after the fund

> NE company he has recently bought partly be-cause it is restructuring. but also for cyclical qualities, is Nokia, the Finnish electronics stock. Its coosumer electronics division has clouded the group's outlook for some time, but the company now expects the division to break even some time next VCar.

> "That is the type of thing I like, where you have some cyclical re-covery in part of the business but your downside is limited by other parts continuing to grow," said Mr.

> In Tokyo, Mark Fawcett, an investment manager- at Iodosucz Gartmore Asset Management Japan, defines recovery stocks similarly to Mr. Bolton, describing them as being in secular or cyclical decline. He believes the end of recession is too far away to warrant buying cyclical stocks and, instead, he is huving the secular stocks that are trying to reduce their costs and manage their way to recovery.

But this is difficult in Japan, "It is far harder for a company to restructure in Japan than America," Mr. Fawcett said. "The main cost in Japan is labor and although people will take pay cuts, it is very difficult politically to lay people off, so it is-hard to reduce labor costs."





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By Digby Larner O you run with the recovery in share prices,

or just run for cover? The answer to that question will depend very much on the individual investor's temperament and circumstances, but one thing is certain: A burgeoning section of the securities industry is offering cautious investors and those with a share portfolio to pro-

text a new range of choices. That sector is the futures and options markets, an area in which most cautious investors would never dream of getting involved. And, on the face of it, they have good reason not to. The traded futures and options market is a highly vola-tile investment area where huge

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But there is a friendly side to derivatives gradually creeping into

the personal finance market. There are three increasingly popular ways of investing: guaranteed funds, which promise the return of investment capital with the hope of gain; income funds, which aim to provide returns in a low interest rate environment, and the direct use of futures and options to protect an investment portfolio.

The relatively poor showing of steady flow of cash into capital tives-based products do carry a guaranteed funds. These usually capital risk." promise to deliver a high propor tioo of any stock market gains over a specific period or, if the market ails, to at least pay back the origi-al investment. The fund manager puts part of fund. The combination of reviving fails, to at least pay back the origial investment.

some future date. This usually in-

gains and losses can be made with call options are used and the man-ager immediately takes the profit up to the idea of selling call options invest in the funds without fully investors are still uneasy about geton behalf of the investor. The irony of cautious investors

unwittingly making use of derivatives is not lost on some fund managers. Mary Blair, Fidelity Investments' executive director of product development in London, said, "People tend to look at what funds are offering rather than how they achieve it. That can be good produced a compound average annnal return of 11.4 percent. and bad. It's good because they

**Cautious Investors Take a Chance on Futures and Options** 

leave things to the professionals who know derivatives can be used equity markets in the years before in a defensive way. But it's bad, the recent surge helped channel a too, in a way, because some deriva-

> HIS may be true of another derivatives product

the client's money into an invest- equity markets and falling interest ment with a guaranteed return at rates has had a dual effect on the investment market. As equities bevolves zero coupon shares or cash come more buoyant, investors are on deposit. The balance, minus becoming less anxious about capimanagement charges, buys call op- tal security and are moving away tions on a basket of shares weight- from guaranteed funds. At the ed to mirror the market it invests same time, as interest rates fall, in. If the market drops by the end those wanting income are looking of the term, the maturing zero con- for higher-yielding alternatives to pons or deposited cash pays back cash deposits. Here, again, futures the capital. If the market nses, the and options can fit the bill.

for their funds and distributing the understanding the risks. In fact, premiums they charge for them as companies launching such funds income. This technique has been have found the take-up disappoint-used in the United States for some ingly slow. time and has attracted more than \$800 million of investment. One U.S. mutual fund, Analytic Options Equity, started in 1978 and has since

The British fund manager Foreign & Colonial launched a similar high income fund earlier this year. promising an income return of 10 percent. The fund sells options to buy its shares at a price 5 percent above their current value. For analyst Creig Walton says the fund is proving to be one of the company's most popular. He said that al-though derivatives are playing a bigger hedging role in personal fi-nance products, many investors are unaware of it. "People tend to think of futures and options as be-

ing high risk, but it can be quite the In Britain, this appears to be borne out by a lack of enthusiasm for managed derivatives funds. The financial regulations were relaxed to allow companies to sell futures and options funds plus the more volatile geared futures and option funds to retail investors. Critics of

ingly slow. While F&C makes no secret of

the way its fund works, it concentrates on marketing the end benefits rather than the fact that futures and options play a part. "It's not a feature of the product, even though we do mention it," said Mr. Wal-ton. "If all the mechanics were explained, I don't know how people would feel about it."

But unlike guaranteed funds, high income funds using derivatives are more speculative. They are best suited to volatile or steadily growing markets. In a rising market, share prices may move high enough to encourage call-option holders to use them and buy shares at a discount. If they do, the fund will foot the bill. This means investors inevitably sacrifice a portion of future market gains for the sake of taking high income today.

While income investors will probably be quite happy with that, the downside risk comes from steadily falling markets, as Mr. Walton explained. "If you're trading in a market that is flat, or flat and moving down, the transaction costs will actually crode your capital. That was the sort of market we saw in the early 1970s. More like death by a thousand blows than a sudden leap down."

A spokesman for Morgan Gren-

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market shares.

ting directly involved in futures Briadul ann annsul sa and options, attitudes are changterminant a new particular state ing, especially at the high-net-worth end of the market.

When I'm talking to clients about them, the perception they have is of the high-risk side of opnons," the spokesman said. "I try and illustrate how they are used by saying that when you buy a house, you buy an insurance policy to go with it. If it gets burned down, you want to make sure someone gives you the money to rebuild it."

PTIONS can work in this way for any investors, even those running their own portfolios. A share currently worth \$5, for example, can be covered by buying an option giving the investor the right to sell the share at the same price later. The premium for this is usually a very small percentage of the share value. If the share value fails heavily, the option can be used and all the investor loses is the premi-

Morgan Grenfell fund manager Rupert Lowe says that, used propthere is nothing to lear from futures and options. "It's like any-thing, handled wrongly they can be extremely dangerous. I think they're a great investment, cheap to use and very efficient. Certainly, from the point of view of fund managers, they allow a lot more flexibility."

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working abroad can buy at favourable tax-free prices. Take advantage of the opportunity and we'll take care of all .

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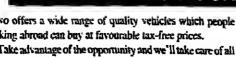
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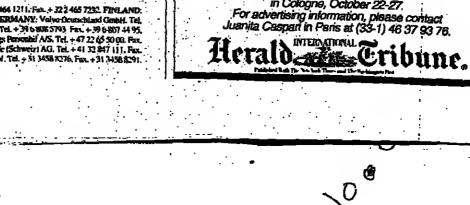
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# \*Old-Fashioned Stock Picking Comes Back

### By Kevin Murphy

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TOCK picking is back. That is the blunt message being trumpeted across Asia by BT Fund Managers Ltd., an Australian investment group, which touts its ability to find undervalued stocks in all the markets it covers. BT has become Australia's third largest mutual fund manager m its home market with 21 billion Australian dollars (SI3.5 billion) on its books. Now, it wants to try its formula in Asia's fast-growing fund management imarket.

The move to stock picking bucks the trend of recent years, when fund investment has been dominated by vehicles that invest in market indexes. Index funds, as their name implies, do not actively pick stocks, but merely attempt to follow the market. Index funds frequently formed part of the strategies of advocates of modern portfolio theory. A standard formula was to use an index fund to follow market an index rund to ronow induct performance as the core of a port-folio, and then to add on an "asset allocation model" for a smaller "satellite" portfolio that was supposed to outperform a market in-dex. But skeptics argue that the modernists have fared little better than the old-fashioned managers. Now, it seems, a return to aggreson the way.

"I've certainly detected a greater Not be training detected a greater interest recently," said Paul O'Donnell, a director of BT charged with building the group's offering of three funds now sold in Hong Kong into a wider selection. "We're not saying pure stock pick-ing we're not saying pure stock pickling works for everyone, all the time. But it seems to be working for us." BT's Select Markets Trust, a Pacific Basin fund, ranked fifth out of 2.011 international equity funds on performance over five years to the end of last month (a 29.1 percent

to statistics from fund monitoring firm Micropal. Its European Growth Fund ranked first among its peers over the same period (16.4 percent annual return) \* After the crash, the consulting actuaties came in to tell fund man-severs, 'Mr. Sherman said, "Lots of Dercent annual return) \* After the crash, the consulting actuaties came in to tell fund man-severs, 'Mr. Sherman said, "Lots of "with resard to either earnings" \* After the crash, the consulting actuaties came in to tell fund man-severs, 'Mr. Sherman said, "Lots of "with resard to either earnings" \* After the crash, the consulting actuaties came in to tell fund man-actuaties came in to tell fund man-sever, 'Mr. Sherman said, "Lots of "with resard to either earnings" \* After the crash, the consulting actuaties came in to tell fund man-sever, 'Mr. Sherman said, "Lots of "with resard to either earnings"

Mr. O'Dounell reckons the strong performance has something to do with the fierce competition among fund managers in Australia, jobs to fund managers again. who were forced to look abroad for "These days, I don't think any

For our type of investor, fund managers must rely on what they hear on the grapevine.'

Value among the wond's 45,000 Equiting runs one equity runn listed companies. "There's no doubt about it, stock picking has come back in the past six to nine months," said Brian Sherman, chairman of the Grant Companies, the ground for advice in their marchairman of the Equitilink Group. There has been a major change in sentiment in Australia."

Equitilink, the largest indepen-dent fund manager in Australia, has 3.4 billion Australian dollars

funds listed in the United States, funds listed in the United States, say the bottom-up approach is al-Canada and Australia; others are open-ended mutual funds in Ans-in Asia, where short-term investment horizons change before the ink dries on economists' reports. traha. Equities make up 20 percent of its portfolio. "After the 1987 crash, people be-gan to favor risk analysis," said Mr. Sherman. "The trend was toward

extreme caution. Fund managers measured whatever they did against indexes, but they lost sight of the fact that an index is a mean-ingless figure." His Equitilink Super Trust recently ranked No. 1 over one month, three months and

one year of 36 fund managers by Australian consulting actuaries, In-Light and Power are headed, given

"with regard to either earnings growth or market performance, there is little or no correlation with nominal gross domestic product, private consumption growth, M2 growth, the current account deficit, en, to those seeking absolute re-turns who tell us, 'Do anything you nflation or the deficit," selecting the right stock of the six that comprise 69 percent of the Manila composite index may be the only way to

"Traditionally, Asia is much the group's fund managers com-more bottom up than many bine both approaches: "In Malay-places," said Grahame Stott, a di-sia, for example, the top-down sto-rector of the Wyatt Co (HK) Ltd. ry wasn't coming through, but places," said Grahame Stott, a di-rector of the Wyatt Co (HK) Ltd. "There are so few stocks around and a common story throughout the markets. You have to look very "There's quite a bit of evidence stock picking can be a source of value added, but much less evi-

dence it's more important than get-ting the country right in the first

"quant" approach favored by sev-eral of the European houses. The many believe they best learn about Americans also are analyzing Asia the various economies in their by industry across the region rather than by country. companies "For our type of investor, fund

managers must rely on what they hear on the grapevine," said Paul Giles, executive vice president of Creditanstalt's Hong Kong operation. His firm has about 25 percent of its funds in equities, most of which are in Asia. "This is not a research driven market. "We're looking at politics and

often price rumors on particular less emphasis on trying to buy the companies. We're not trading last quarter's results, we're moving on something about the future." Mr. Giles said: "Bangkok, Hong Kong, Singapore, they're much the same. The punters want short,

the marketing department at Jar-dine Fleming Investment Manage-ment, said, "Although our client base is institutional, it ranges from pension funds who are index driv-

want.' We tend to focus on those clients who want to beat an index." To do so, Ms. Broderick reports, strong carnings growth was there." Anyone who found the right companies early in the year are looking at handsome gains — Kuala Lum-pur's Second Board stocks are up an average of 48 percent since the start of the year.

The influx of American broker-ages and fund managers is bringing advocacy of top-down manage-ment styles with it, buttressing con-siderable support for the existing images is provided by any support for the existing index in the instruction of the existing index in the instruction of the existing index in the instruction of the instruction of the instruc-ing the country right in the instruc-tion of the existing in the instruc-tion of the existing in the instruction of the instruc-ing the country right in the instruc-tion of the existing in the instruction of the instruction of the instruction of the existing in the instruction of the instruc-tion of the existing in the instruction of the instruction of the existing instruction of the existing instruction of the instruction of the instruction of the instruction of the existing instruction of the exis realm from talking to individual

"If you talk to a company manager about their pricing structures or their view of inflation, you're likely to find out what is going on before it hits the economists' statis-tics," said Bill Ebsworth, managing director of Fidelity Investments Management (HK).

Stock pickers also tend to put

Source: Micropel

### Templeton China Fund and the second secon

The second s **Best Performing Mutual Funds** 

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HE latest move to cash in on rising share prices in China and Hong Kong came this week from the Hong Kong arm of the Templeton fund management group, itself owned by U.S. mutual fund giant Franklin Resources.

Page 17

Templeton said it would list a China fund on the New York Stock Exchange this month. The fund aims to raise \$200 million, and joins more than 30 China funds worldwide.

The Templeton China World Fund will invest at least 65 percent of its assets in listed companies that operate mainly in China, Hong Kong or Taiwan, Templeton said. It may invest up to 25 percent of its total assets in companies expect-

ing a listing, it said. The number of new China funds launched this year is smaller than last year. The funds have not performed as well as had been expect-

ed, analysts said.

But the Hang Seng Index of top shares in Hong Kong's stock mar-ket hit a closing record this week. and B share markets in Shanghai and Shenzhen, reserved for foreign investors, have been rising for the past month. The B share market has been the

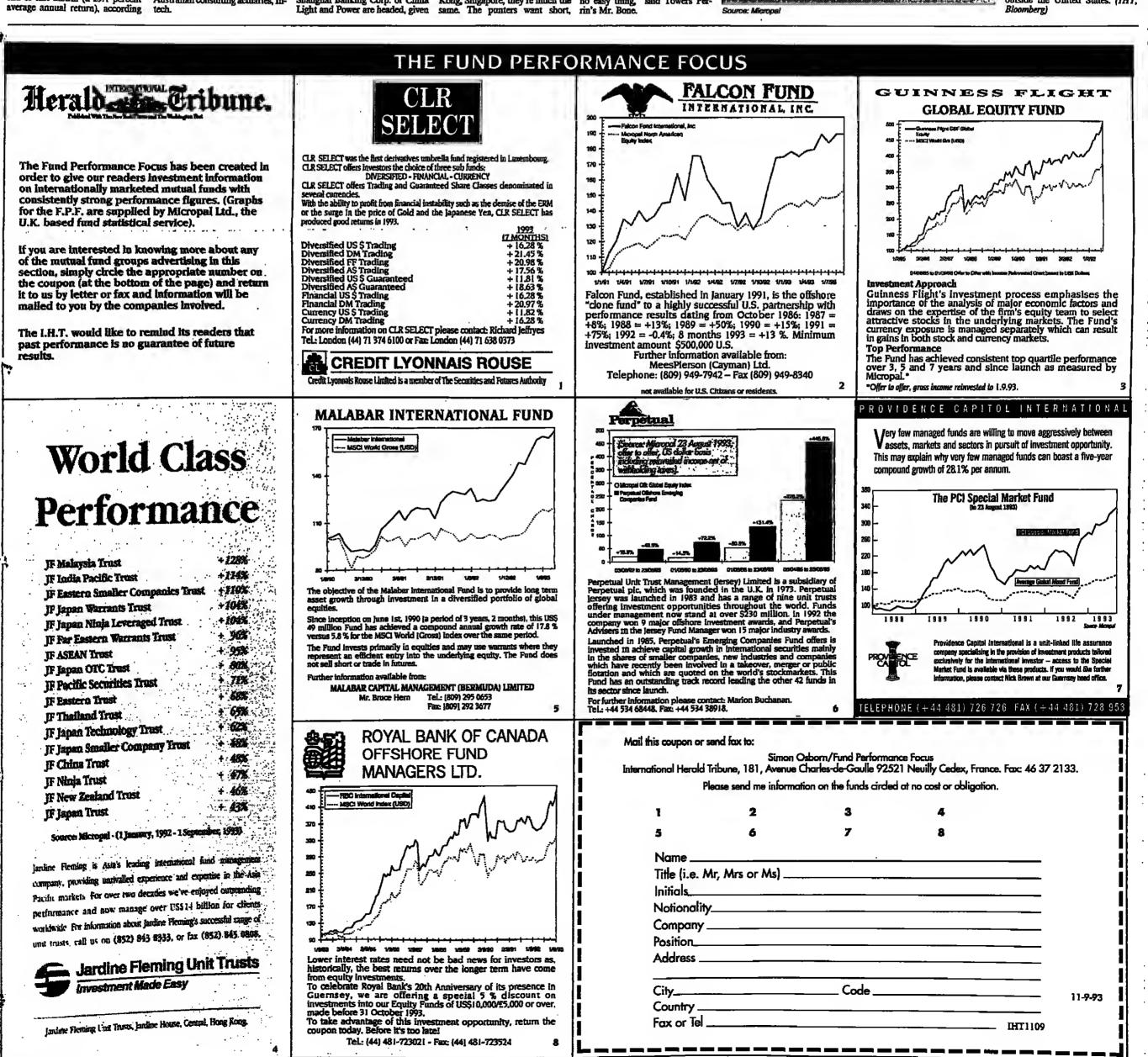
subject of much criticism from international analysts, many of whom feel that there is insufficient liquidity in the market and simply not enough "value" (whether defined as a function of asset backing or income) in the shares. However, brokers say U.S. investors are backing both markets.

About two-thirds of the Temple ton fund's shares, priced at \$15 each, will be offered in the United States by U.S. underwriters, led by Merrill Lynch.

Merrill Lynch International will lead the underwriting of the issue outside the United States. (IHT, Bloomberg)

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closely for value.

BT is not the only Anstralian group touting its ability to find value among the world's 45,000 Equitilink runs one equity fund Equitilink runs one equity fund

> But just how receptive will Asian investors be to an approach that throws away complex asset alloca-tion charts and sector indices?

Very receptive, it seems, accord-ing to fund managers and actuarial groups watching the industry, who under management in 15 portfo-lios, some of which are closed end

"Stock picking is going on in a big way here now," said Syd Bone, managing director of Towers Per-rin actuarial and investment con-

sultants in Hong Kong. "The thing to beat is the index and people are starting to find they can do that by stock picking." In Hong Kong's case, outper-forming the index may just mean deriding where Hondrage and deciding where Hongkong and Shanghai Banking Corp. or China

tech.

# SPORTS BASEBALL

# **Giants' Lead Cut To One Game** As Braves Win

one stop the Atlanta Braves?

The Braves, 742 games behind

NL ROUNDUP

the verge of falling out of the race, trimmed the deficit to one game Thursday night. Atlanta beat San Diego, 1-0, in 10 innings, while the Giants lost to St. Louis, 9-4. "The Giants have held their own

to this point, and it's not over," said Ozzie Smith of the Cardinals. "But when you have the kind of pitching the Braves have and add Fred McGriff, that seemed to be the spark they needed. It's all failing into place for them. It's unforinnate for the Giants, because

they've had some injuries." Ron Gant's 32d home run gave Atlanta\_its 24th victory in 29 ames. The Braves have been winning because of pitching, and they won again that way with a combined one-hitter in San Diego. Kent Mercker, making a rare

major-league hit - and Greg McMi-chael pitched the last two innings. "No-hitters don't come very of-

ten, hut the World Series comes even less often," Mercker said. "I'd take a World Series ring instead of a no-hitter. On Sept, 11, 1991, also against

the Padres, Mercker teamed with Wohlers and Alejandro Pena to pitch the NL's only combined nohitter

Cardinals 9, Giants 4: Visiting St. rowed one of Daryl Boston's bats Louis chased Jim Deshaies with and singled.

three runs in the seco Each day. San Francisco's lead in Todd Zeile's grand slam highlightthe National League West seems to ed a six-run sixth. The Giants have set smaller. Now the rest of the won only 11 of their last 23 games. cague is wondering what the Giants Zeile's second slam of the season have been worrying about: Can any- came against Terry Bross and made it 9-2.

Renc Arocha left after Matt Wil-San Francisco on Aug. 22 and on liams's 32d homer, a two-run shot in the eighth. The drive came after the Cardinals' fourth error.

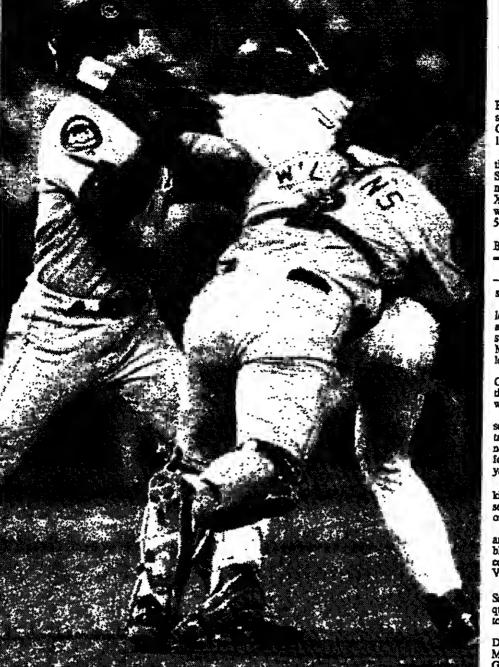
> Phillies 10, Cubs 8: Lenny Dykstra homered twice and drove in a career-high five runs as the Phillies stopped a three-game losing streak on fight night in Philadelphia. In the third, Philadelphia's Mariano Duncan was brushed back by Frank Castillo and charged the mound. The benches and bullpens emptied, and Castillo suffered a cut

on his nonpitching hand. Dodgers 6, Manines 5: Los Ange-les lost Orel Hershiser to an early injury but beat Florida at Dodger Stadium in the 10th inning on Tom Goodwin's two-out single.

Hershiser was hit in the back of the right hand by a pair of line drives. He stayed in after being struck by Orestes Destrade's shot in the second, hut he came out after Benito Santiago's drive hit him in start, was pulled after six no-hit in-nings. Mark Wohlers gave up a check-swing single with two outs in the eighth to Luis Lopez — his first the cighth to Luis Lopez — his first 10th, third baseman Gary Sheffield made his second error of the game

and Goodwin singled. Rockies 10, Pirates 7: Winning pitcher Gary Wayne grounded a two-run single in his first at-bat in the majors, helping Colorado pull away in the 12th inning in Pitts-

burgh. Wayne, who spent his entire ma-with Minnesota before joining the Rockies, bor-



Cubs' pitcher Frank Castillo, left, and catcher Rick Wilkins tried to restrain the Phillies' Mariano Duncan, who charged the mound after an inside pitch by Castillo. Duncan and Castillo were ejected.

# Jays Lose 6th in a Row but Stay Even With Yanks

The Associated Press A first-place team, even one merely tied for the top spot, usually doesn't have to look hard for posi-tives. But that's what the Toronto Blue Jays are doing. They lost their season-high sixth

straight game Thursday night when Ruben Sierra was walked intentionally before Neel singled. Brent Gates added a two-run double to close the scoring as Oakland swept

AL ROUNDUP Oakland won, 7-4, for its first road series sweep of the season. The four at Texas Aug. 3-6, 1992. Blue Jays are tied for first with the New York Yankees, and Baltimore is just one-half game back in third. New York and Baltimore were idle Thursday.

ics up 3-0 in the fourth. "As poorly as we've played lately, we're still tied for first place," Toronto's John Olerud said. "I guess if we're trying to find something positive, it's the fact that the Yankees haven't played very well either." The Yankees were just swept in a three-game series at Texas, and the Orioles have won 9 of 10.

broke a tie.

With the score 4-4, the Blue Jays' Tony Castillo walked Scott Hemond to lead off the ninth, and Jerry Browne sacrificed him to second. picked up by California last month Twins 5, Indians 3: In Cleveland, run with a single. Dave Henderson flied ont and

they got within 10 innings of the marathon they played last week, wrapping this one up in a neat 12 innings. Minnesota's Brian Harper broke the tie with a sacrifice fly and Pedro Monoz added the insurance

Cowboys vs. Bills: A Replay **Of Super Bowl or Revenge?** 

BILLS (1-0) at COWBOYS (0-1): KEY STAT: Bills were 4-0 vs. NFC during last year's regular season and are 10-2 vs. NFC in the last three years; Cowboys gained no sacks vs. Washington and allowed 171 nushing yards.

COMMENT: If only the Bills could trade one of those regular-season NFC triumphs for one of those Super Bowi losses. This must be a revenge, grudge match for the Bills not only for losing Super Bowl XXVI to Dallas but also for the humilating way in which they lost. Oddsmakers have made the Cowboys 5-point favorites.

COLTS (0-1) at BENGALS (0-1): KEY STAT: Bengals nine draft picks all made team and four are

#### NFL MATCHUPS

starters; Colts have won last three vs. Bengals. COMMENT: Indianapolis fought Miami before losing by 24-20 and hopes to build off that showing against a young and inexperienced team. One shining stat for the Colts — they did not allow a sack vs. Miami. Cincinnati, however, allowed six sacks in its loss to Cleveland. Colts by 2

CHIEFS (1-0) at OILERS (0-1): KEY STAT: Chiefs offense gained 400 total yards vs. Tampa Bay, their most since 452 vs. Miami in 1991; Oilers have won four straight at home over Chiefs. COMMENT: Joe Montana has never lost against

seven NFL teams and one of them is Houston; Montana is 4-0 vs. the Oilers. His bruised right wrist should not prevent him from starting. Warren Moon threw for 527 yards vs. Kansas City in 1990, the second-most yards in a game in NFL history. Oilers by 21/2.

BEARS (0-1) at VIKINGS (0-1): KEY STAT: VIkings have won six straight home openers and five of seven vs. Chicago; Bears panter Chris Gardocki had

only one of five punts returned by Giants. COMMENT: Both teams stumbled in their openers and both continue a rivalry usually full of crunching blows. Jim McMahon battles his old club and Bears coach Dave Wannstedt looks for his first victory. Vikings by 71/2.

SAINTS (1-0) # FALCONS (0-1): KEY STAT: Saints have won six of seven in Atlanta: Falcons quarterback Chris Miller has thrown at least one

touchdown pass in 15 straight games. COMMENT: The Falcons sign free agent Eric Dickerson, the league's No. 2 all-time rusher, and then Miller throws 50 passes in a blowout loss at Detroit. Go figure. That style won't cut it against the Saints. Saints by 21/2.

EAGLES (1-0) at PACKERS (1-0): KEY STAT: Eagles Randall Cunningham has career 4,035 rushin yards and 29 rushing touchdowns; Packers seek 500th franchise victory and would join Bears as lone two in that categos

COMMENT: Eagles coach Rich Kotite says that his team will be as good or better than last year's playoff team despite losing so many free agents. But now the chief free agent the Eagles lost, Reggie White, lines up against them. Packers by 4.

CARDINALS (0-1) at REDSKINS (1-0): KEY STAT: Cardinals have not won in Washington since 1978; Redskins are 20-2 following Monday night games.

Haten Wetter COMMENT: Like Reggie White, the Cardinals' Gary Clark faces his old team. Unlike White, he won't savor this one. Redskins by 91/2.

BUCCANEERS (8-1) at GIANTS (1-0): KEY STAT: Buccaneers rushed for only 25 yards in loss to . Chiefs: Giants controlled ball for nearly 34 minutes in

victory over Bears. COMMENT: Tampa Bay fell flat against the Chiefs. They could not run. They could not pass. They Chiefs. They could not run. They could not pass. could not play pass defense. How could they possibly beat the Giants on the road in a place where they have never won in four tries? Giants by 11.

LIONS (1-0) at PATRIOTS (0-1): KEY STAT: Lions gained six sacks in victory over Atlanta: Patriots

have 27 new players, 13 new starters. COMMENT: Lions coach Wayne Fontes has never coached his team against New England. He'll like this. The Lions have Barry Sanders. The Patriots have a long way to go. Lions by 7.

JETS (0-1) at DOLPHINS (1-0): KEY STAT: Bengals quarterback Boomer Esiason has 23 passing games of 300 yards; Dolphins quarterback Dan Marino has 47 TD passes vs. Jets. COMMENT: The Jets usually battle Miami fero-

ciously and 15 of the past 20 games have produced 40-plus points. That trend could continue with both teams featuring weapons on offense and defenses that are not quite at full strength. But Miami is usually well prepared for its home opener. Dolphins by 10.

CHARGERS (1-0) at BRONCOS (1-0): KEY STAT: Chargers have won only 9 of 33 games in Denver; Broncos rookie Giyn Milburn gained 148 all-

purpose yards in debut vs. Jets. COMMENT: The Chargers' defense gets a strong test against the Broncos versatile offense. Too, the Broncos are playing in their home opener before one of the league's most vocal crowds. Broncos by 31/2.

STEELERS (0-1) at RAMS (0-1): KEY STAT: Steelers have lost three straight to NFC teams, including opening loss vs. 49ers; Rams made only one penalty for 13 yerds and still kost, 36-6, to Green Bay. COMMENT: Jim Everett threw 41 passes vs. the Packers. He completed 17. None were for touchdowns. Two were intercepted. Everett's game has slid and only be can pick it up. Pittsburgh should play ball control and then blitz him incessantly. Steelers by 21/2.

RAIDERS (1-0) at SEAHAWKS (0-1): KEY STAT: Raiders have won six straight over Seahawks; Seahawks have AFC's No. 1 pass defense.

COMMENT: Seattle can play defense with the best in the league, but the offense is still lugging far behind. Rick Mirer at quarterback is an excellent start but Seattle needs a lot more. Like a Rocket Ismail, who makes his debut for the Raiders. Raiders by 3.

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49ERS (1-0) at BROWNS (1-0): KEY STAT: 49ers are 20-12 on Monday nights and 50-34 vs. AFC; Browns gained six sacks, one fumble recovery and two terceptions in defeating Bengals.

COMMENT: The Cleveland fans gain a treat when they get the chance to see the 49ers up close and in their Dawg Pound. San Francisco remains one of the league's most creative teams and when compared with Cleveland's style, it's like comparing a jet to a bus. 49ers by 71/2.

These matchings were written by Thomas George of . The New York Times. Odds were provided by Harrah's.



Compiled by Our Staff From Dispatcher BOSTON — Major-league baseball, the president, Bud Selig, chairman of the rul-most traditional of American sports, has ing executive council. "Some said it would The new playoff format Compiled by Our Staff Fram Dispatches

"I never imagined my first hit would be a homer," Abbott said.

best-of-seven. The new playoff format will consist of decided to give itself a new look for 1994. The proposal for three divisions in each league and a new round of playoffs that tell. We believe in our research and that the research and that the positives far our weigh the negatives."

right to veto realignment, are to be as- the World Series, which also would remain the World Series would be Oct. 30. In 1996; the season woold either begin in March or-"Our surveys have shown it will enhance Game 7 of the World Series would be

> years or for the length of the next collective bargaining agreement, whichever term is longer. The format also is to be based on a balanced schedule, under which each team plays two home series and two road series

two-out ninth-inning single that run single off Edwin Nunez in the after he was released by SL Lonis, gave up four hits in seven innings Angels 6, Tigers 0: Joc Magrane and walked a season-high six. Stan and two relievers combined on a Javier's two-run homer, his first six-hitter as the Angels avoided the since May 1992, made it 5-0. sweep at Tiger Stadium. Magrane,

"With the way their pitching is shaping up, they could be the team to beat," Oakland's Troy Neel said of Baltimore after delivering the

"Especially off Jack Morris. It's something I'll always remember." Abbott had barely had time to enjoy his first hit when he sent a run-scoring single to left in his next at-bat for a 4-2 lead in the sixth. ular seasons. Baseball's plan, which was

its first road series since winning

Kurt Abbott collected his first

major-league hit, a two-cun homer

off Jack Morris that put the Athlet-

approved, 27 to 1, on Thursday, is subject to approval of the Major League Baseball Pat Borders drove in three runs for the Blue Jays with a single, following Olerud's run-scoring

Players Association, but the union said it anticipated no problems. "I have gone back to read what people were saying in 1969 when we went to dividouble in the fourth and pulling the Blue Jays even at 4-4 with a two-

ber follows the lead of the National Foot-ball League, National Basketball Associa-The American and National Leagues first split into divisions when they expand-ed for the 1969 season, and the alignments The first round will be a three tion and National Hockey League, whose lengthy postseasons overshadow their reg-

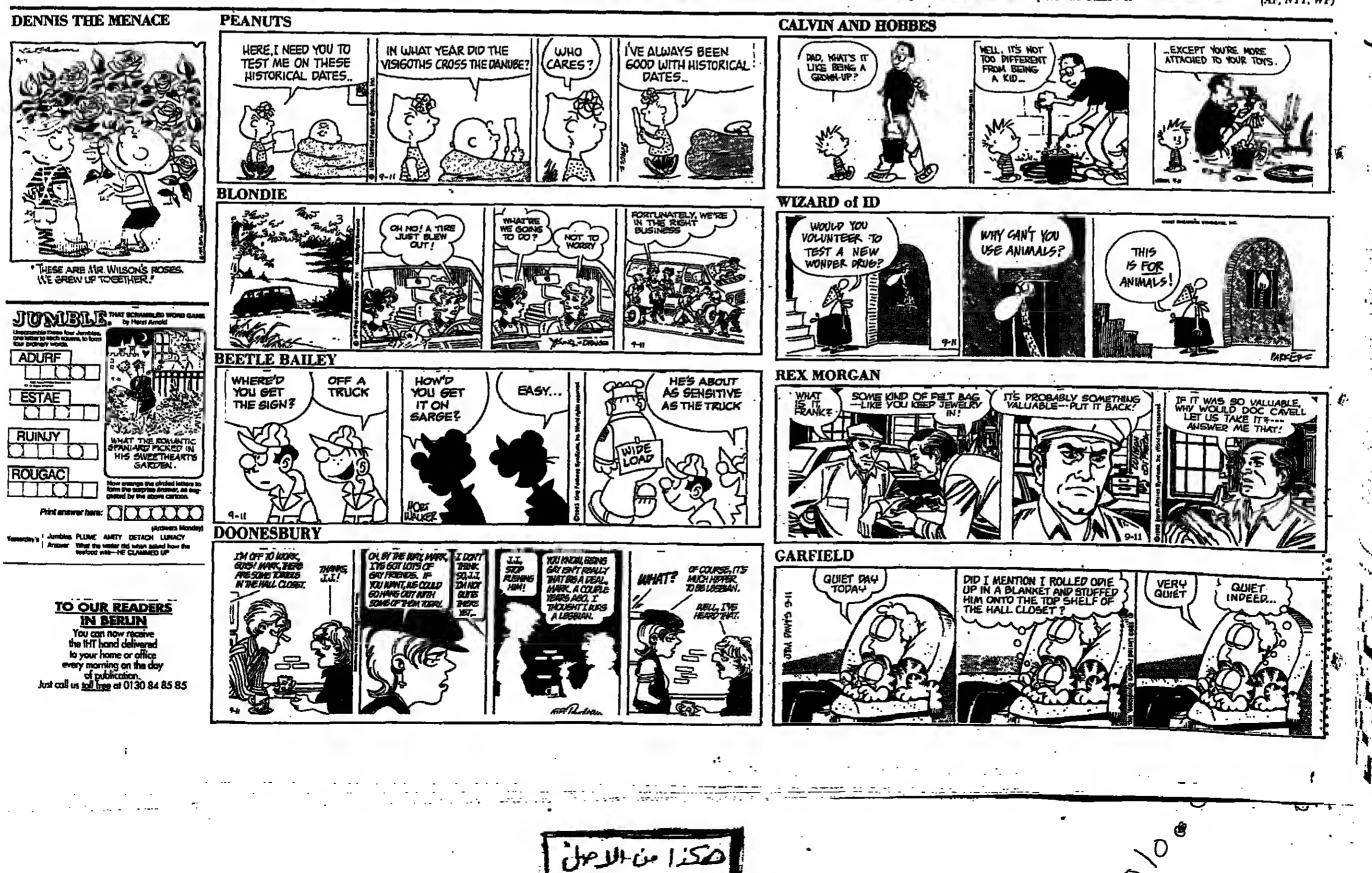
have basically stayed the same. The Texas Rangers were the only club that dissented. Florida eliminated the final opposition in the National League when it

the team with the better record of the two mat committee. There has been a signifi-

The first round will be a three-of-five series. The first two games will be played at one site, the wild-card team's park in one instance and the other determined by a rotation system. The last three games will be played at the opposing team's park. First-round winners would advance to the best-of-seven league championship so-Under the new arrangement the 1994. one site, the wild-card team's park in one 

cant dropoff on interest in August and September as teams drop out of the race. This is a chance to address that."

remaining three-fourths against teams in the other divisions. (AP, NYT, WP)



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# SPORTS SOCCER

# **Pioline Topples Medvedev to Reach Semis** No. 15 Frenchman Sets Up Unlikely Match With Masur

# rante difference rt for Oct. 10

final Grand Slam.

Pioline, the 15th-seeded

Frenchman who has never won

a touranament, followed up on

his fourth-round demolition of No. 1 Jim Courier by ousting

eighth seed Andrei Medvedev of Ukraine from the quarterfi-nals in a 6-3, 6-1, 3-6, 6-2 rout. Earlier Thursday, the un-

seeded Wally Masur of Austra-

lia, 30, had mowed down Swe-

den's Magnus Larsson in

straight sets to advance to the

in nine U.S. Opens had been an

exit in the third round, Pioline

had been eliminated in the first round and third round in his

won the men's doubles champi-

previous two Opens.

with Mark Woodforde.

on for one more."

SCOREBOARD

Masur's best previous result

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Compiled by Our Stuff From Disputcies said the 19-year-old Medvedev, NEW YORK - Cednic Piowho had lost his previous two line produced another round of matches against the Frenchman magic at the U.S. Open to con-jure up a most unlikely meeting including a second-round loss at Wimbledon. in the semifinals of the year's

"With his kind of game and the way he is playing now he should have that kind of confi-

dence," he added, Pioline claimed the only ser-vice break of the first set in the sixth game and then sailed to victory in the second set as Medvedey's concentration vanished.

Medvedev lost three successive service games, double fault-ing-twice on his way to losing the fifth game and wildly missing his serve on the last point of the set.

The moody Medvedev showed flashes of his talent in winning the third set as he began varying his pace and pick-ing points to press Pioline from the net.

On Saturday, they will play for a berth in Sunday's final. But Pioline pulverized a forehand winner down the line to On Friday, Ken Flach and end a bypnotic rally and break Rick Leach of the United States for 3-2 in the fourth set. A pair of double faults from the de-moralized Medvedev gave the Frenchman yet another break onship, defeating Karel Nova-cek and Martin Damm of the Czech Republic 6-7 (3-7), 6-4, to lead 5-2

Pioline became the first Frenchman since Henri Cochet in 1932 to reach the semifinals The victory gave Flach his second U.S. Open doubles title, of the U.S. championships. the first person to win two championships with different partners since John McEnroe. Flach won the doubles with Robert Seguso in 1985; McEn-roe won in 1979, '81 and '83 with Beter Flaming and 1990 Masur has more recent role models to emulate. Darren Cahill made it to the semifinals five years ago and John Newcombe won the tournament in 1973,

with Peter Fleming and 1989 In another oddity in this strange Open, it is the first time Later Friday, Steffi Graf was facing Manuela Maleeva Frag-nière and Aranxta Sánchez Vithat all eight semifinalists are from different countries since the men's and women's champicario was playing Helena Suonships were held together in kova in the women's semifinals. 1887 (Reuters, AP)

Pioline whipped an impres-sive 20 forehand winners past Medvedev, who was strangely listless during the first two one-sided sets in his debut on Stadi-**U.S. Open Results** 

Mathy Scholars, Generic Bund Codric Pialine (15), France, def, Andred Mathyder (3), Russia, 6-3, 6-1, 3-4, 6-2, Marks Doubles, Semifinal Martin Damm and Karel Navacak, Casch

"I had a fantastic week, a del. Sebastian Lor OIL COD fantastic two weeks," said Pioline. "I would like to not realize I'm in the semifinals and just

Neucotic det, Sebostion Lanada Canada and Lander Poes, India, 34, 61, 64, Floot Ken Floch and Rick Looch, U.S. det, Damen and Novaark, Czech Reublic, 67 (3/7), 64, 64, Mized Doobles, Finus Helena Sukova, Czech Reublic, and Tadd keep playing my game and go

"I didn't remember that he played with such confidence," n, Australia 11), del, Marriest Nav 5., and Mark Woostorde, Australia ratilova, U.S., and Mark Wa (2), 6-3, 7-4 (8-4),



### Cedric Pioline marched past Andrei Medvedev, 6-3, 6-1, 3-6, 6-2, and into the men's semifinals.

# **Gorman Quits as Davis Cup Chief**

Compiled by Our Staff From Dispatches NEW YORK - Tom Gorman, captain of the U.S. Davis Cup team since 1986, submitted his resignation to the U.S. Tennis Association and

John McEnroe expressed interest in the job. Gorman, 47, was a member of the 1972 Davis Cup championship team and captained two Amer-ican teams to Davis Cup titles. "I really feel it's time," Gorman said of his

decision to resign on Thursday. "I have a watch and a ring that shows we were world champions." Gorman said he had decided to leave earlier in the week and had informed the USTA president, J. Howard (Bumpy) Frazer of the decision Thursday. A number of prominent tennis figures, including McEnroe, have talked about wanting to captain the U.S. team.

"John McEnroe has been the greatest contributor to Davis Cup in modern times," Frazer said. "He is an inspirational guy. And certainly he is a candidate to be the captain."

On U.S. television, McEnroe said: "I don't think there's a U.S. player that doesn't want to be captain of the Davis Cup team. 1 think it's a great honor."

Frazer said Gorman would stay with the team until after the matches Sept. 24-26 against the Bahamas. (AP, Reuters)

# Marseille Drops Suit, **Averting Ban on France**

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likely 1994 World Cup berth was at FA's president, João Havelange, That would exclude strikers Alen stake, the owner of Olympique and UEFA's president, Lennart Jo-Boksic of Croatia and Rudi Völler Marseille, Bernard Tapie, on Frihansson day dropped a lawsuit against Eu-ropean soccer officials challenging his team's exclusion from the Champions' Cup.

International soccer officials had threatened France with suspension tions," a UEFA statement said, the losses by playing in the Inter-from international competition un-less Tapie backed off. His team, the point by both FIFA and UEFA, American champions São Paulo of European and French champion, is entangled in a match-fixing scandal and on Monday was banned statement said.

in a communiqué sent to world soccer's governing body. FIFA.

"French soccer can be saved in this situation only by giving up the benefits of this legal action," Tapie ons' Cup revenue this season. ban from cup competition would cost 120 million francs (\$22 milsaid. This is the price, which I agree to pay in the higher interest lion) in lost carnings. of French soccer."

He said FIFA "had practically threatened French soccer with disappearance from the international

On Thursday, Tapie won a court victory when a judge in Bern issued **FIFA Says Move** a temporary injunction overturning the ban on Marseille's participa-Is 'a Victory for tion in the cup competition.

Marseille won the cup, European Common Sense' soccer's most prestigious trophy, in May. But because of the bribery

from defending its title by Europe-an soccer's governing body. UEFA. Tapic fought back with a lawsnit, saying that UEFA gave his team oo chance to argue its side of the case. But on Friday he agreed to with-

draw the suit, under pressure from French soccer officials. They were into chaos. faced with a possible choice of for-feiting a World Cup berth, which the French team is virtually assured of obtaining, or expelling Marscille, the five-time defending European governing body, champion, from the French league if Tapie persisted in challenging FIFA and UFEA. At stake was a fundamental challenge to the soccer bodies' authority to administer the sport without

In his communique Friday, Ta-pie said he was "deeply saddened intervention from civil courts. Tognoni called Tapie's decision and shocked" at having to give up "victory for common sense." his legal battle. "We cannot allow everyone who

"I am unhappy that Marseille can't try proudly to defend it title as champion of Europe," he said. "I a civil court," he added, "You cannot go with sports decisous to a hope our fans, our players and our civil court." officials will be appreciated for placing France's collective interests News of Tapie's move came moments before UEFA and FIFA ofabove our individual interests." ficials were to hold a oews confer-

"Good sense has carried the coce after meetiog with Jean day," said Jean Fournet-Fayard, president of the French soccer fed-Fournet-Fayard, head of the French federation.

Compiled by Our Staff From Dispatches eration. He was summoned to Zu-said, "but it cannot involve any of PARIS — Warned that France's rich on Friday for talks with FI- the regular team members." That would exclude strikers Alen

of Germany, but leave the way In those talks, "it was established open to cut one or more of the that action would be undertaken other three: Paulo Futre and Rui entailing the suspension of the Barros of Portugal and the Yugo-French Football Federation and its slav midfielder Dragan Stojkovic. clubs from international competi-Tapie said he hoped to reduce

Bernard Tapie withdrew his legal Brazil and in the European action without any condition," the Cup against Parma of Italy. Brazil and in the European Super But he said UEFA had not yet

from the Champions' Cup. At a news conference later Fri-Tapic announced the withdrawal day in Marseille, Tapic said he the matches. The São Paulo match might have to sell one or two of his is scheduled for Dec. 12 in Tokyo five foreign players to make up for and dates for the two-leg tie against the loss of considerable Champi-Parma, the Cup Winners' Cup champion, have not been set. Marscille has estimated that the

The games would be expected to net Marseille 45 million francs from television rights.

m) in lost earnings. "My room for maneuver was "With five foreigners in the limited not by fear of actions aimed squad it is always possible to take at me personally but because I advantage of an opportunity," he don't have the right in bring about don't have the right in bring about the discomfiture of French foot-

ball," Tapie said. He said he had obtained nothing in exchange for dropping the suit. The head of the French soccer league had pleaded with Tapie ear-her Friday to withdraw the suit, saying French soccer's future was

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Writing on behalf of all French soccer officials, the official, Noël Le Graet, "solemnly" asked Tapie to reconsider his legal action.

pends on you and your decision," he said in a letter.

"Everything is settled the way the anthorities in the game wanted it," a replacement for Olympique Mar-FIFA's spokesman, Guido Tognoni, seille in the Champions' Cup. Mo-said after Tapie had dropped his naco was chosen, and will play in action against UEFA, the sport's the Sept. 15 first-round match against AEK Athens.

A former Marseille official and a former player allegedly offered bribes to three members of another French team, Valenciennes, to go easy in a French league match May 20 to save Marseille players' energy for the Champions' Cup final with is unhappy with a decision to go to AC Milan six days later.

Marseille beat Valenciennes, 1-0, and went on to win its fifth straight French championship.

Tapie has denied all allegations of match-fixing.

The French federation had refused to take any sanctions until a police inquiry into the matter was concluded. (AP, Reuters, AFP)

SIDELINES

at stake. ZURICH - International soccer officials breathed a sigh of relief on Friday after Bernard Tapie, president of the French champion, Olympique Marseille, backed off The future of French soccer defrom his lawsuit that had threatened to plunge the soccer world

UEFA officials had demanded

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# pean Open Lead

- Gordon Brand Jr. of England in Open at East Sussex National on ound 65 for a five-stroke halfway lead

a 72 Friday for a total of 142, was the under par. Four of his 10 teannates played in Europe's 1987 Ryder Cup he Tour for more than four years.

taged golf's bigger names to grab a round at the Canadian Open on six-under-par 66. Two shots behind rad Bryant, Phil Mickelson, Jimmy Price, the 1991 champion.

# **Pull Out of Final**

sprinter Merlene Ottey withdrew at Mobil Grand Prix final, ruling out overall Grand Prix utle. pion at 100 meters, also withdrew,

ver, was not an official Grand Prix an invitation race.

women's 100, gave no immediate was one of six women tied with 45 he season. The others were hurdlers Patrick, 800-meter runner Maria nova and 3.000-meter runner Sonia champion is \$100,000, plus \$30,000

ier against Argentina will be played Friday. The second leg will be in 14 and 17. (Reuters)

ulder injury. (AFP) of the Colombian soccer player Luis napped Thursday in Medellin by o immediate claim of responsibility (Renters) ng team, announced Friday that its

anda engines in the 1994 and 1995 (AP)

rovisional pole position on Friday and Prix in Monza, Italy, and set a one minute 22.163 seconds.

(Reuters)

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### **DAVE BARRY**

Tax Dollars at Work

M IAMI - There are times when, as a taxpayer. I just have to put my head between my legs and weep with joy at the benefits I am receiving from the federal government ("Official Motto: This Motto Alone Cost \$13.2 Billion").

You'll feel the same way when 1 share some news items sent in by alert readers concerning government agencies serving the public in ways that the public could never have thought of itself without the aid of powerful narcotics.

Our first item concerns . . . EAR CANDLES: You may re-

call that a few months back | wrote a column about ear candles, an old home remedy consisting of wax-covered cotion cones that you insert into your ears, after which you set them (the cones) on fire. This is supposed to create a draft that sucks the wax out of your ears. In response, several alert readers sent me an article from the July 29 Columbos (Ohio) Dispatch headliged "Federal Agents Seize Ear Candles in Raid." The article states that on July 28, U.S. marshals and agents of the Food and Drug Administration "swooped in" to a Columbus health store and "seized about 100 candies." An FDA spokesperson said the candles were seized because they did not have FDA approval, which is required for "anything used for treatment or prevention of disease in humans or animals."

I, personally, am sleeping better. knowing something is being done about this menace. I'd like to see the FDA program dramatized in a TV series, "Ear Candle Patrol," wherein each week federal agents would confront dangerous, law-violatiog, health-store clerks ("Look out, Matt! She's got a ginseng root!").

Л Aoother menace that your Food and Drug Administration is pro-

MATION REGARDING TEOUI-LA-FLAVORED LOLLIPOPS CONTAINING DEAD INSECTS: Perhaps you have seen these novelty lollipops, which consist of a clear. tequila-flavored hard candy, inside of which is what appears to be a dead worm. If so, you no doubt asked yourself: "What assurance do I have, as a consumer, that this worm is identified with proper federal terminology?

Rest easy! The FDA is on the case! According to the May 13, 1993, issue of Food Labeling News, the FDA sent a warning letter to S. S. Lollopop Co., manufacturers of the "Sugar-Free Hotlix Tequila Flavored Candy With Genuine Worm," because the company failed to properly identify the worm as an "insect larva.

We can only try to imagine how much harm has already been done to innocent consumers who bought this product in the mistaken belief that it complied with outritional programs requiring the consump-tion of low-calorie-candy-encased worms that are NOT insect larvae. 

And, let's salute the Occupational Safety and Health Administration (OSHA) office in Idaho for its

IMPROPERLY ATTIRED **RESCUE PERSONNEL: Here's** what happened, according to an article in the Idaho Statesman. On May II, two employees of

DeBest Inc., a plumbing company, were working at a construction site in Garden City, Idaho, when they heard a backhoe operator yell for help. They ran over, and found that the wall of a trench - which was NOT dug by DeBest - had collapsed on a worker, pinning him under dirt and covering his head. "We could hear muffled screams," said one of the DeBest

employees. So the men jumped into the trench and dug the victim out, quite possibly saving his life. What do you think OSHA did

about this? Do you think it gave the rescuers a medal? If so, I can see wby you are a mere lowlife taxpayer, as opposed to an OSHA executive. What OSHA did — 1 am not mak-ing this up — was FINE DeBest Inc. \$7,875. Yes. OSHA said that the two men should not have gone into the trench without (1) putting on ap-proved hard hats, and (2) taking

steps to ensure that other trench walls did not collapse, and water did not seep in. Of course this might have resulted in some discomfort for the suffocating victim ("Hang in there! We should have the OSHA

trench-seepage-prevention guide-lines here within hours!"). But that is the price you pay for occupational health and safety. Knight-Ridder Newspapers

# Harry Belafonte: Personal and Political

and a second second

#### By Felicia R. Lee

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New York Times Service NEW YORK - Harry Belafonte, dressed in three shades of green and sitting in a blood-red room in his rambling Upper West Side apartment, is talking about who he is. It is a delicious summer afternooo in the 66th year of his life. He speaks deliberately, but with such intensity that one imagines the words lingering in the air as they leave his mouth.

The apartment is quiet. The tempera-ture has dropped, so Belafonte turns off the window air-conditioner. Julie, a lithe former dancer and his wife of over 30 years, is out. Omalu, his fat black cat. intermuttently meows in another wing of the labyrinth of rooms.

"I know clearly about things that I aspire to," Belafonte says. "I know where my commitments are. I know there are things that I like very much to be a part of. Exactly who I am in the process of doing them is very hard for me to define."

Newspapers and magazines, with their penchant for personality packaging, tend to serve him up as a three-hat guy: entertainer, civil rights advocate, father of Shari Belafonte. His name cvokes a suave screen image, the buoyant banana-boat songs and the idealist who has leut his name and energies to almost every buman rights struggle — from the marches with the Reverend Martin Luther King Jr. to his efforts with Nelson Mandela on behalf of South Africa.

Belafonte's work is steeped in politics and personal history. He recalls how a barefoot King paced in this room a week before his assassination and wondered aloud if blacks were, in effect, integrating into a burning house. "Are we?" a visitor says.

Belafonte's answer is yes. "We're in a struggle for the soul of this country," he says. "We're in a struggle for America's moral center. And unless that

can be made straight, I'm not too sure any of the other battles are winnable. "How do you end racism in the midst of a place that is so morally collapsed? How

do you end poverty in a place so spiritually poor? How do you end hunger in a place so driven by such greed and avarice? If one doesn't attend to this moral question, how can you lead this country if you're morally weak, like Clinton is?"

Belafonte is reminded that he campaigned for Bill Clinton. "We had to get rid of Bush." be says. He adds that be felt that Clinton, despite any political failings, was a moral man, but says be oo longer believes that. "It has not been evident in Bosnia," he

says, "it has not been evident in unemploy-

and N. Countrie the New York Trans Belafonte at home in New York with his cat Omahu ment, it has not been evident in Haiti, it has He endures as more than a relic, he says, not been evident in how he has done battle because the passion that informs his mus for the black people whom he has called upon to be representatives in government. "We will ultimately arrive at a place, I gives people a sense of community. The proof: He has had no top-40 hits to his name in decades, and is rarely on televithink, where there will just be an explo-sion, because despair will be so vast among sion; yet, be just completed a national tour with his oew band, Djoliba, that drew full so many." be says, adding that in the United States there is a mass movement

houses from Los Angeles to Cape Cod. He is busy working on a book, several movies (mostly behind the scenes) and preparing for three shows at Lincoln Center, his first commercial appearance in New York in almost 30 years. He says he is "quite anxions" about the engagement and muses that it could be his last com-

time for other projects. The book, Belafonte says, is less an autobiography than out-loud reflections and a chance to speak his piece on such varied subjects as interracial relationships, fascism, Malcolm X and Fidel Castro.

mercial performance, because he needs

'I'm aware of time, what's left," he says. "In 14 years I'm going to be 80." He tilted upward the mostly unlined face topped with mostly white hair.

One of his most ambitious film projects, besides producing an ABC miniseries on apartheid, is a movie about the era of "Amos'o' Andy," which he is writing with his friend the director Robert Altman. Aluman will direct the film, called "Cork." Belafonte is cordially opaque about the details of "Cork," which is still being developed. He said only that it would be eight stories in one that study the effects of racism:

المصلحات والبريون

"It's about looking at the Amos and Andy in all of us and what we've had to do," Belafonte says of the film. "By and large, as a people, we've had to be more like what white people want us to be to get over than we've been able to be who we are and express ourselves openly and honestly. So we sit with all these pent-up frustrations and undeclared feelings.

pictures that are always successful are picfures where blacks appear in the way white America buys it. And we're told that what we really want to express is not profitable

and African art, reflects some of the roads Belafonte has traveled, literally and philo-sophically. There is a wall of Diego Rivera watercolors, a beautifully framed Haitian primitive. He is immensely proud of five sleek marble sculptores from Zimbabwe. His musical taste is eclectic, much of it running to African and other Third World musicians these days. He says that he initially embraced hip-hop but that he is now disgusted by its corruption.

ter how they negate black women, white America has made them essential to the economy," be says with the most anger be has shown in two hours. "I understand their pain, their violence; I understand their rage. I also understand how they're

His sandpapery wisp of a voice rises. "I don't want to see any more young hlack men grabbing their crotch and pumping away sexually at some black woman." he says, "and then for it to be declared the truth about black people." One cannot, he insists, separate political and social realities from the arts.

New York.

and to give people some insights into what may be going on globally, from what I've experienced."

"Even today, on the big screen, the and is oot commercially viable." The apartment, filled with Caribbean

"The hip-hop culture, rappers, no matbeing paid off."

Even this lovely apartment is the fruit of struggle. He bought the entire building 36 years ago because his color barred him from renting the apartment of his choice in

"I'm not going to use the stage as a political polemic," he says, "but I do use my songs to describe the human condition

# PEOPLE

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### Judge Orders New Trial In Malcolm Libel Suit

A federal judge in San Francisco, has ordered a oew trial in the liber case of Jeffrey M. Masson against Janet Malcohn over a ptofile she wrote for The New Yorker, baj Judge Engene F. Lynch also ruled that the magazine he severed from the case. A first trial ended in June after an eight-member jury found Malcolm had fabricated five defamatory quotations in her 1983 articles about Masson and that two of those quotations were libelous, The jury could not agree on the amount of damages, however. 

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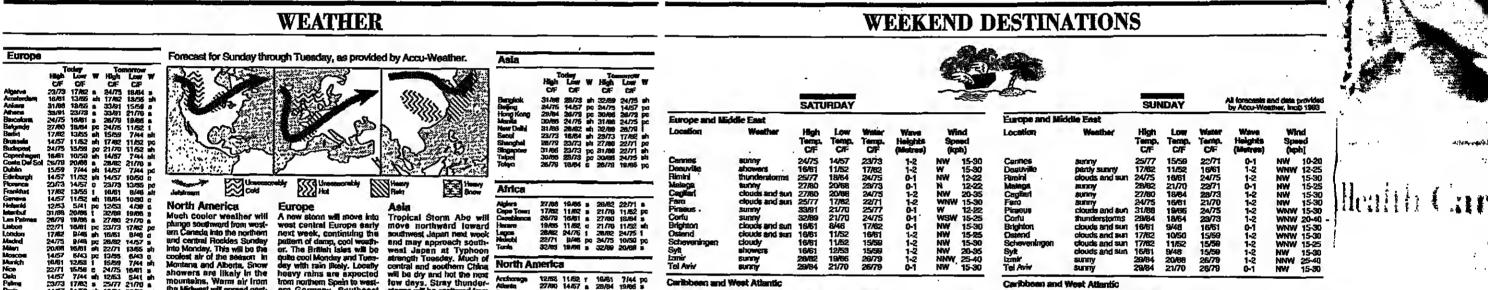
Los Angeles prosecutors declined to press charges against Ivan Nagy, 55, a Hollywood director who had been arrested on suspicion of running a call-girl ring. He wash former boyfriend of the so-called "Hollywood madame" Heidi Fleiss.

Loyalty all around: Brooke Shields, a close friend of Michael Jackson's, said io Wellington, New Zealand, that she did not believe the sexual abuse allegations against him. Mcanwhile, a Gallup Poll found that oearly everyone in the United States was aware of the accusations against Jackson but that the majority believed he was blameless.

So who needs a band? The Spanish opera singers Jose Carrers and Montserrat Caballé performed a concert in Zabrze, Poland, with a piano as accompaniment after the orchestra walked out. The Grein Polish Radio and Television Symphony Orchestra abandoned the two singers an hour before the performance because Carreras insisted that his colleague Enrique Ricci should cooduct throughout. The orchestra wanted to be led alter-nately by Ricci and by the Polish conductor Antoni Wit.

Mstislav Rostropovich gave a concert at the White House, then received a bear bug from President Bill Clinton after a reception in hooor of the Kennedy Center.

INTERNATIONAL CLASSIFIED Appears on Page 6



for change waiting for some accident of

Harlem-born, Belafonte talks with some

pain about the loneliness of his nomadic

childhood and the feeling of not having an emotional center until he discovered the

theater. There are flashes of old hurt and

anger at the racism a man his age has

survived: being turned away at clubs, inci-

vility in stores, fights for being in the

When Belafonte was a small child, his mother sent him to Jamaica to escape the

streets of Harlem. He never stayed with

any group of relatives there for more than

a few weeks at a time. He returned to

Harlem at age 12, a gangly misfit with a West Indian accent. He was also dyslexic,

and dropped out of high school.

history to ignite it.

wrong neighborhood.



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	mountains. Warm air from from northern Spein to west- few days. Stray thunder- Atlasta 27/80 1457 s 28/84 19/65 s the Midwest will spread east- em Germeny. Southeest stoms will be scattered from Boston 27/11 12/88 s 21/29 13/55 pr	Caribbeen and West Atlantic	Caribbean and West Atlantic
Propos 18/54 13/55   16/61 6/46 sh Reviews 10/50 6/46 sh 11/52 8/46 sh	ward Mondey.         Europe will be dry and warm.         Bangkok to Singapore.         Colleago Denvir         S2/71         14/87         pc         27/80         15/85         pc           Middle East         Latin America         Denvir         34/83         13/85         pc         27/71         13/87         pc         27/80         15/85         pc	Barbados         clouds and sun         31/88         21/70         29/84         0-1         E         15-30           Kingston         clouds and sun         31/88         21/70         29/84         0-1         E         15-30           St. Thomas         parity sunny         32/89         21/70         29/84         0-1         EN         15-30           Hamilton         showers         28/82         21/70         29/84         0-1         ENE         15-30	Barbedos         clouds and sun         31/88         21/70         28/84         0-1         E         15-30           Kingston         clouds and sun         31/86         21/70         28/84         0-1         E         15-30           St.Thomas         parity sunny         31/88         21/70         28/82         0-1         E-NE         15-30           Hamilton         clouds and sun         26/79         21/70         28/82         0-1         E-NE         15-30
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"I wonder if the little guy had tun today

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